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ABSTRACT

Hearings on the effects of recently enacted cutbacks in social security student benefits are presented. Since the Reagan administration proposed phasing out the social security students benefits, attention is directed to whether needy students who would have received these benefits will receive benefits under the other student aid programs. The efforts of the Social Security Administration (SSA) to notify students now receiving the benefits about the cutbacks are also addressed. Students who are not attending college in May 1982 will not be eligible for any grants, and students in college in February 1982 will have their benefits phased out over a 4-year period. Total savings of $2.3 bi lion are estimated as a result of the cutbacks, which were enacted by the Budget Reconciliation Act in 1981. An estimated 100,000 to 150,000 high school seniors are affected by this change in eligibility. Social Security benefits have been paid to 18- to 22-year old children of retired, disabled, or deceased workers if they are full-time students, regardless of individual need, with the level of benefits related to the parents' past earnings. Questions have been raised about the adequacy of SSA's efforts to notify beneficiaries of the benefit cutoffs. According to the Associate Commissioner of SSA, a nationwide public information campaign about changes in the law has been conducted. In regard to other financial aid, the administration proposal for fiscal year 1983 eliminates funding for two campus-based programs and reduces funding in the College Work Study program. (SW)

ED223158

SOCIAL SECURITY STUDENT BENEFIT CUTS

JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON POSTSECONDARY EDUCATION

AND THE

SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR

HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

SECOND SESSION

HEARING HELD IN WASHINGTON, D.C., ON FEBRUARY 3, 1982

Printed for the use of the Committee on Education and Labor

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SOCIAL SECURITY STUDENT BENEFIT CUTS

WEDNESDAY, FEBRUARY 3, 1982

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON POSTSECONDARY EDUCATION AND SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION, COMMITTEE ON EDUCATION AND LABOR,

Washington, D.C.

The joint hearing met, pursuant to call, at 2 p.m., in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the Subcommittee on Elementary, Secondary, and Vocational Education) presiding.

Members present: Representatives Perkins, Biaggi, Simon, Weiss, Corrada, Kildee, Peyser, Ratchford, Coleman, Erdahl, Petri, and DeNardis.

Staff present: Marlyn McAdam, legislative assistant; William Blakey, counsel, Subcommittee on Postsecondary Education; John Jennings, majority counsel; John Dean, minority counsel; and Betsy Brand, minority legislative assistant, Committee on Education and Labor.

Mr. PERKINS. The committee will come to order.

This afternoon the Subcommittee on Postsecondary Education and the Subcommittee on Elementary, Secondary, and Vocational Education will hold a joint hearing on the issue of the effects of recently enacted cutbacks in social security benefits on the student aid programs.

As you know, the Reagan administration has proposed phasing out those social security student benefits.

We would like to know whether needy students who would have received these benefits will be receiving benefits under the other student aid programs.

We would also like to know what efforts have been made to notify those students now receiving these funds of the coming cutback.

As I understand it, all students who are not attending college as of this coming May will not be eligible for any grants, and students now in college will have their benefits phased out over a 4-year period.

Our first witnesses this afternoon are three Members of Congress, Congressman Pat Williams, Congressman Harold Volkmer, and Congressman Gerald Soiomon.

Come around if any of you gentlemen are here at this time. Identify yourself for the record, We are delighted to welcome you here.

STATEMENT OF HON. GERALD B. H. SOLOMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. SOLOMON. Thank you very much, Mr. Chairman and distinguished members of the committee, for providing me with the opportunity to address this joint hearing on an issue which I think has great importance and urgency.

With the passage of the Budget Reconciliation Act last summer, Congress agreed to phase out the postsecondary economic benefits program administered by the Social Security Administration for an estimated total savings of $2.3 billion.

I am not here this afternoon to argue the merits of what we did but I am here to show concern about the way this matter was handled and the way I think it will affect this graduating class of 1982.

Those students who would otherwise have been eligible to participate in the program will not qualify for eligibility unless they are enrolled in and attending classes as full-time students at a postsecondary institution before May 1 of this year.

And I think this is where the real problem lies. An estimated 100,000 to 150,000 high school seniors are affected by this change in eligibility and because of this large number, one might understandably assume that the Social Security Administration would take every step necessary to inform those students of the impending phaseout of the program.

Many of them had been counting on this program to attend college. However, unfortunately, this was not the case based on the experiences that I have had over the last several months.

During the congressional recess my district offices received many calls from students, from parents, from high school guidance counselors who were shocked to learn only in January of a major change in the social security laws enacted several months earlier.

In virtually no case, and I repeat, in virtually no case had information about these eligibility changes been issued by the Social Security Administration in the form of official notification. Rather, word of mouth had alerted them to the phaseout of the program.

In some cases even the employees of local Social Security Administration offices were not fully informed of the nature of these changes and much misleading information was passed along to bewildered and confused students and parents and school officials.

I think the negligence on the part of the Social Security Administration in not properly notifying these affected individuals about these changes was incomprehensible although it probably was unintentional.

Mr. PERKINS. Well, let me ask you one question.

Mr. SOLOMON. Yes, sir.

Mr. PERKINS. Do you know whether in the past, when changes were made in the Social Security Act, it has been customary for the Social Security Administration to put a little notice in the checks to the recipients or to notify the affected people by some other method?

Has this been a policy in the past, even if there was an increase in the social security pension or something along that line?

Do you know anything about their way of handling this type of situation?

Mr. SOLOMON. Mr. Chairman, I cannot speak for the Social Security Administration but from my own personal knowledge; I do know that that would seem to be a normal procedure, especially on anything with major impact such as this.

Mr. PERKINS. Excuse me for interrupting you. Go right ahead.

Mr. SOLOMON. All right, sir. Gradually word spread, telling many of these frightened high school seniors that unless they were attending college classes as full-time students by May 1, their social security benefits would disappear. Then the real panic began.

And, Mr. Chairman and members of the committee, it was a real panic, I think. Virtually every high school in the State of New York holds commencement exercises, graduation exercises in late June. Obviously, the May 1 deadline would prevent many, many of them from participating in the program.

After a series of meetings which I conducted with many high school and college officials, the true impact of this lack of timely notification was very apparent. Many seniors were dropping out of high school at the end of the first 6-month semester and enrolling in joint programs in local community colleges.

The sharp increase in requests for early admissions and a rapidly escalating dropout rate among high school seniors were events for which neither high school counselors nor college admissions officers were even remotely prepared.

These school officials recommended to me that the eligibility deadline be extended to July 1. There was general agreement that a 61-day extension would alleviate much of the existing confusion and much of the panic by providing ample time for seniors for this graduating class to graduate with their classmates and properly enroll in a college summer study program in order to protect their eligibility.

I introduced legislation on January 26, H.R. 5357, to implement this extension. It was the first day that we returned to Washington from our recess. I realize that the purpose of this joint hearing is to survey the impact of the absence of proper notification upon the affected students. I can certainly report to you that it has caused considerable concern in my home district and judging from the large number of telephone calls my office has received from individuals throughout the entire Nation, including many of your home districts too, I would assert that this is a problem of national scope.

Bewildered parents and students all across the United States from California to Maine, from Florida to Minnesota, have called to voice their support for this legislation and to report that they also learned of these important changes only very recently and through unofficial channels.

In their eyes a 2-month extension would work within the basic fiscal parameters of the Reconciliation Act while providing a much needed grace period for those who were not properly informed of these changes.

Mr. Chairman, if my legislation were to be enacted the fiscal impact at the very maximum, in other words, if every one of the students who are supposedly graduating this June, if all of them across the Nation were to enroll, the fiscal impact is estimated un-

officially by the Social Security Administration to be about $245 million over a 4-year period.

But we also know that not even half of those qualified students who may be the survivors of parents that were on social security disability or even parents that are still alive, we know that less than half of those students actually do go on to college.

Therefore, although the maximum exposure, fiscally would be about $245 million over the next 4 years, it is more likely to be somewhere in the neighborhood of $100 to $125 million over the 4-year period.

As I mentioned in the beginning of my testimony, I am not here to argue whether it was necessary to eliminate this program. I have five children, four in college right now, and I can understand the dilemma.

Many of these students, if they had known that the programs were going to be cut out, would have been able to work and save and perhaps at least begin to take care of their financial obligation for that coming year. It is because of this short notice and because of the negligence on the part of the Social Security Administration and perhaps even on ourselves for not having really brought this to the public's eye.

I don't think that many members of the committee or many Members of Congress really knew what that impact was of a small line that appeared in the reconciliation budget the day we voted on it and I voted for it.

Mr. Chairman, and members of the committee, I would certainly hope that you would support this legislation. I know that there will be other Members testifying to move the date back to October 31 which, in that case, would qualify, or I should say would exacerbate and compound, the problem that we are having with this particular date.

I think that a reasonable compromise and one that we might even be able to get the administration to support would be to change this date to July 1. Let's at least take care of this graduating class so that they have enough notice.

Mr. Chairman, I would entertain any questions that any members of the committee might have.

[The prepared statement of Congressman Solomon follows:]

PREPARED STATEMENT OF HON. GERALD B. H. SOLOMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Thank you, distinguished committee members, for providing me with the opportunity to address this joint hearing on an issue of great importance and urgency.

With the passage of the budget reconciliation act last summer, Congress agreed to phase out the postsecondary educational benefits program administered by the Social Security Administration, for an estimated total savings of $2.3 billion. Those students who would otherwise have been eligible to participate in the program will not qualify for eligibility unless they are enrolled in and attending classes as full time students at a postsecondary education institution before May 1 of this year. An estimated 100,000 to 150,000 high school seniors are affected by this change in eligibility and because of this large number, one might understandably assume that the Social Security Administration would take every step necessary to inform these students of the impending phase out of the program many of them had been counting upon to attend college. However, this unfortunately is not the case.

During the congressional recess, my district offices received many calls from students, parents, and high school guidance counselors who were shocked to learn only

in January of a major change in the social security laws enacted several months earlier. In virtually no case had information about these eligibility changes been issued by the Social Security Administration in the form of official notification, but rather word of mouth had alerted them to the phase out of the program. In some cases, even the employees of local social security offices were not fully informed of the nature of these changes, and much misleading information was passed along to bewildered and confused students and school officials. The negligence on the part of the Social Security Administration in not properly notifying affected individuals about these changes was obvious and incomprehensible.

Gradually, word spread telling frightened high school seniors that unless they were attending college classes as full time students by May 1, their social security education benefits would disappear. Then the real panic began.

Virtually every high school in my home State of New York holds commencement exercises in late June; obviously, the May 1 deadline would prevent them from participating in the program.

After a series of meetings I conducted with many high school and college officials, the true impact of this lack of timely notification was apparent. Many seniors were dropping out of high school and enrolling in joint programs in local community colleges. The sharp increase in requests for early admissions and a rapidly escalating drop out rate among high school seniors were events for which neither high school counselors nor college admissions officers were even remotely prepared.

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I realize that the purpose of this joint hearing is to survey the impact of the absence of proper notification upon the affected students. I can certainly report to you that it has caused considerable concern in my home district, and judging from the large number of telephone calls my office has received from individuals throughout the Nation, I would assert that this is a problem of national scope. Bewildered parents and students all across the United States—from California to Maine, from Florida to Minnesota—have called to voice their support for my legislation, and to report that they also learned of these important changes only very recently and through unofficial channels. In their eyes, a two-month extension would work within the basic fiscal parameters of the reconciliation act, while providing a much-needed grace period for those who weren't properly informed of these changes.

I would welcome any support for my proposal from any members of this committee, and will answer any questions you mignt have at this time.

Thank you once again.

Mr. PERKINS. Mr. Simon.

Mr. SIMON. Thank you, Mr. Chairman.

First of all, I would like to enter a statement in the record.

[The prepared statement of Congressman Simon follows:]

PREPARED STATEMENT OF HON. PAUL SIMON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS AND CHAIRMAN, SUBCOMMITTEE ON POSTSECONDARY EDUCATION

The Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35) incorporated the Administration's proposal to discontinue social security benefits for eligible 18-22 year old students—a saving of $1.8 billion. This proposal was agreed to over the objections of Representative J. J. Pickle, Chairman of the House Ways and Means Subcommittee on Social Security. Chairman Pickle wanted this termination of student benefits delayed to provide notice for current high school students and an orderly transition to other Federal student aid programs.

The Reconciliation Act provisions: Eliminate new benefits for students 18 years or older (not enrolled full-time) in postsecondary education and 19 years or older in elementary or secondary schools beginning in May 1982; eliminate cost-of-living adjustments for all eligible beneficiaries after August 1981; reduces each year by 25 percent the benefits of all remaining beneficiaries beginning in August 1982 until all benefits are eliminated in July 1985; and discontinues summer school benefits for postsecondary students.

It was thought, at the time these changes were made, that most of the students would qualify for Pell Grants, the Guaranteed Student Loan (GSL) program or some form of campus-based student aid. Although it was possible to consider awards to these students, if they were eligible and sufficient funds were available, that is no longer possible. The savings achieved by eliminating social security students benefits in the postsecondary area would be offset by necessary increases in the Pell Grant program. The Administration's March 10, 1981 budget document indicated the following:

(In millions of dollars)

	1981	1982	1983	1984	1985	1986
Gross savings	−35	−1,030	−1,675	−2,075	−2,225	−2,350
Pell increase	0	+30	+50	+75	+100	+100
Net savings	−35	−1,000	−1,625	−2,000	−2,125	−2,250

Note: In testimony before the House Education and Labor Subcommittee on Postsecondary Education on Mar. 11, 1981, Secretary of Education Terrell H. Bell presented different and larger estimates of the increase in Pell grant costs resulting from the Reagan proposal to eliminate the social security student benefit: $31 million in fiscal 1981 (rather than no increase) and $56 million in fiscal year 1982 (rather than $30 million).

The reality is that next week the Administration will propose a fiscal year 1983 budget that eliminates funding for two campus-based programs and reduces funding in the College Work Study program by more than $100 million. The real cruelty in the hoax the Administration has practiced on these students (and their parents) is that the fiscal year 1983 Pell Grant request will be more than $1 billion below the amount Congress appropriated in fiscal year 1981. There will be little or no Pell Grant funds for Social Security student beneficiaries denied access by the May 1982 cut-off date or those whose social security student benefits will be reduced in August.

In Illinois, for example, the number of Pell Grant recipients will be reduced under the Administration's proposal from 119,371 to 68,041 and Pell Grant awards cut almost in half (from $98,646,105 to $59,187,663). The results in the campus-based programs are equally disastrous: The number of recipients would be reduced from 80,729 to 25,848 and funding would be slashed from $50,859,244 to $15,508,691.

The figures are no different for Kentucky, Missouri, Michigan, New York, New Jersey or any other of our states. (See attached charts.)

The Administration's half a loaf in student aid will eliminate choice and deny access to a postsecondary education to thousands of low-income students. I surveyed my district recently and learned that:

1,350 students at Southern Illinois University-Carbondale receive social security student benefits (average award is $233); 121 students at Kaskaskia Community College receive an average monthly student benefit of $150 per month; about 280 students at John A. Logan Community College are receiving more than $395,000 per year; about 50 of the 879 students at Greenville College, the only private institution in my district, are receiving student benefits under social security; and one-fifth of the Shawnee Community College's 500 students receive these benefits.

If the Congress were to enact the student aid budget cuts we will receive on Monday, each of these students would have to rely on already depleted family resources to replace the loss in social security student benefits. Most of them would be unable to do so.

My final concern is that current student benefit recipients—whether in high school or in college—have not yet been notified that their student benefit is in danger. I am especially concerned about those college students who might qualify for Federal student assistance, but who may find out too late that their student benefit is cut and that other financial resources may be required to keep them in college.

Mr. Chairman, I hope today's hearing will dramatize the problem encourage the Social Security Administration to notify affected students as soon as possible, and bring about a positive resolution of the problem that exists for low and middle income students.

STUDENT AID RECIPIENTS BY STATE

	Basic grant recipients		Campus-based recipients	
	AY-1980-81 [1]	Reagan proposal AY-1983-84 [2]	AY-1980-81 [1]	Reagan proposal AY-1983-84 [2]
Alabama	62,560	35,659	34,312	13,736
Alaska	1,649	940	2,316	810
Arizona	35,324	20,135	23,130	6,751
Arkansas	30,736	17,520	15,938	6,417
California	219,115	124,896	182,470	58,394
Colorado	30,717	17,509	24,014	7,723
Connecticut	22,393	12,764	24,394	7,957
Delaware	6,126	3,492	5,103	1,707
Florida	106,107	60,481	55,364	19,974
Georgia	49,469	28,197	34,548	13,887
Hawaii	5,348	3,048	6,133	2,170
Idaho	8,359	4,765	6,865	2,159
Illinois	119,371	68,041	80,729	25,848
Indiana	58,726	33,474	39,162	12,451
Iowa	34,446	19,634	27,125	8,645
Kansas	30,620	17,453	18,452	6,566
Kentucky	47,056	26,822	25,010	9,933
Louisiana	50,280	28,660	30,073	12,020
Maine	14,079	8,025	20,992	6,568
Maryland	42,245	24,080	29,388	10,365
Massachusetts	82,883	47,243	98,302	35,634
Michigan	139,146	79,313	65,768	21,460
Minnesota	58,847	33,543	44,476	15,056
Mississippi	43,866	25,004	26,634	10,996
Missouri	57,546	32,801	38,308	13,346
Montana	10,384	5,919	6,850	2,872
Nebraska	21,517	12,265	13,245	4,090
Nevada	4,242	2,418	2,940	1,097
New Hampshire	10,515	5,994	15,508	4,965
New Jersey	73,135	41,687	40,829	14,629
New Mexico	19,885	11,334	14,052	5,637
New York	320,764	182,835	174,090	63,947
North Carolina	74,236	42,315	46,269	16,807
North Dakota	11,074	6,313	8,456	2,619
Ohio	108,113	61,624	77,294	25,578
Oklahoma	37,803	21,548	22,741	7,582
Oregon	32,652	13,612	32,645	10,404
Pennsylvania	137,778	78,533	103,103	35,400
Rhode Island	17,072	9,731	15,384	5,621
South Carolina	43,174	24,609	24,935	10,179
South Dakota	13,384	7,629	10,477	3,710
Tennessee	61,242	34,908	34,751	12,787
Texas	136,129	77,594	92,692	34,390
Utah	12,627	7,197	10,816	3,484
Vermont	7,725	4,403	14,504	4,582
Virginia	50,992	29,065	36,696	13,682
Washington	39,529	22,532	42,431	14,123
West Virginia	18,499	10,544	14,577	5,142
Wisconsin	55,105	31,410	47,569	14,446
Wyoming	3,115	1,776	2,077	660

[1] U.S. Department of Education Unpublished Data
[2] ACE/DGR Estimates

STUDENT AID EXPENDITURES BY STATE

	Basic grant expenditures		Campus-based expenditures	
	AY-1980-81 [1]	Reagan proposal AY-1983-84 [2]	AY-1980-81 [1]	Reagan proposal AY-1983-84 [2]
Alabama	$50,473,514	$30,284,108	$21,616,603	$8,241,523
Alaska	1,301,356	780,814	1,458,898	486,068
Arizona	27,252,207	16,351,374	14,572,110	4,050,364
Arkansas	24,740,379	14,844,227	10,040,679	3,820,386
California	160,678,227	96,406,940	114,954,780	35,036,195
Colorado	25,555,400	15,333,240	15,128,659	4,633,503
Connecticut	18,832,040	11,299,224	15,368,107	4,773,916
Delaware	5,193,180	3,115,908	3,214,903	1,024,147
Florida	85,351,733	51,211,040	34,879,529	11,984,697
Georgia	43,516,971	26,110,183	21,765,384	8,332,230
Hawaii	4,152,789	2,491,673	3,863,500	1,301,839
Idaho	6,590,584	3,954,350	4,325,094	1,295,240
Illinois	98,646,105	59,187,663	50,859,244	15,508,691
Indiana	48,371,276	29,022,766	24,672,167	7,470,752
Iowa	28,658,538	17,195,123	17,088,921	5,186,742
Kansas	25,027,355	15,016,413	11,624,518	3,939,672
Kentucky	38,648,964	23,189,378	15,756,488	5,959,532
Louisiana	43,268,621	25,961,173	18,945,708	7,212,174
Maine	13,507,301	8,104,381	13,224,773	3,940,946
Maryland	34,541,228	20,724,737	18,514,612	6,218,956
Massachusetts	75,434,782	45,260,869	61,930,476	21,380,287
Michigan	90,781,271	54,468,763	41,433,868	12,875,872
Minnesota	46,916,520	28,149,912	28,019,950	9,033,331
Mississippi	38,429,730	23,057,838	16,779,369	6,597,504
Missouri	45,478,661	27,287,197	24,133,754	8,007,752
Montana	8,146,925	4,888,155	4,315,326	1,723,100
Nebraska	17,283,260	10,369,956	8,344,204	2,453,815
Nevada	3,036,777	1,822,066	1,852,465	658,302
New Hampshire	9,640,658	5,784,395	9,769,786	2,978,889
New Jersey	64,556,686	38,734,012	25,722,487	8,777,588
New Mexico	16,039,031	9,623,419	8,852,837	3,382,278
New York	301,660,970	180,996,580	109,675,073	38,368,041
North Carolina	62,263,520	37,358,112	29,149,447	10,084,398
North Dakota	9,312,761	5,587,657	5,327,099	1,571,608
Ohio	90,490,021	54,294,013	48,695,464	15,346,804
Oklahoma	28,839,907	17,303,944	14,326,607	4,549,401
Oregon	26,051,505	15,630,903	20,566,667	6,242,225
Pennsylvania	128,468,469	77,081,080	64,954,657	21,239,865
Rhode Island	15,057,128	9,034,277	9,691,798	3,372,558
South Carolina	36,701,390	22,020,834	15,709,020	6,107,203
South Dakota	12,252,846	7,351,708	6,600,395	2,225,973
Tennessee	52,183,841	31,310,305	21,893,028	7,672,232
Texas	98,690,792	59,214,475	58,396,076	20,633,832
Utah	9,866,931	5,920,159	6,814,385	2,090,344
Vermont	7,511,458	4,506,875	9,137,279	2,809,321
Virginia	44,109,863	26,465,918	23,118,711	8,209,331
Washington	30,513,290	18,307,974	26,731,285	8,473,720
West Virginia	15,643,902	9,386,341	9,183,216	3,085,030
Wisconsin	45,830,711	27,498,427	29,968,437	8,667,687
Wyoming	2,494,871	1,496,923	1,308,702	395,855

[1] U.S. Department of Education Unpublished Data
[2] ACE/DGR Estimates

Mr. SIMON. I would like to commend my colleague from New York. I am cosponsoring that legislation. I think it is a step in the right direction.

I would simply point out to my colleagues here who serve on the subcommittee that we are talking about something that impacts on

top of the other cuts that have been made and are going to be requested that will not be felt until next September.

Let me just point out, in my State of Illinois, for example, and I am going by the American Council on Education statistics, if you are comparing the 1980–1981 school year, the number receiving the basic grant, the Pell Grant will drop from 119,371 to 68,041.

The number on the campus based programs, that is NDSL and Work Study and so forth, goes from 80,729 to 25,848.

In the State of Kentucky, Mr. Chairman, basic grant recipients will drop from 47,056 to 26,822.

Campus based aid recipients in Kentucky will go from 25,000 down to 9,000.

The State of New York, Mr. Solomon and Mr. Peyser, will go from 320,764 Pell Grants down to 182,835.

Campus based, 174,000 down to 63,000.

Mr. PERKINS. That is commencing for September 1982?

Mr. SIMON. That would be for 1983 because we are talking about the 1983 fiscal year. It is forward funded.

Mr. PERKINS. But if it is for fiscal 1983, it would be commencing in September 1982, would it not? Since we were forward funded last year, it does not take effect until next year? Is not that right?

Mr. SIMON. Ninety-nine percent of the time I agree with you, Mr. Chairman, but I think because we forward fund, when we talk about fiscal year 1983, we are really talking about September 1983. Because it is fiscal year 1982 that impacts in September of this year because we are 11 months behind.

Mr. PERKINS. Yes; even though we enacted the legislation in late 1981, it did not apply that year because it was forward funding, but it applied the 2d year.

Mr. SIMON. Well, it hits now in September. So we have not really felt it yet.

Mr. PERKINS. That is right.

Mr. SIMON. Now, let me mention two other States here, if I may. One is the State of Missouri, where we go from 57,000 on Pell Grants down to 32,000. On the campus based we go from 38,000 and down to 13,000.

In the State of Minnesota we go from 58,000 down to 33,000 on Pell Grants, 44,000 down to 15,000 on campus based aid.

Now, I am simply saying that when you take those figuress and that kind of a contract and on top of that impose these cuts in social security you are talking about some real problems for a lot of students and for a lot of campuses in this Nation.

And I think what our colleague from New York has suggested is while it will have to be voted out by Ways and Means, I think is an important step to protect a great many people and ultimately, let's just assume that, and I don't know how many people will take advantage of it, but the people who take advantage of it ultimately are going to be paying back way more in taxes than we are ever going to be giving out in that additional social security money.

So I commend you, Mr. Solomon. I appreciate what you are doing.

Mr. SOLOMON. If I might respond to my colleague, Mr. Simon, I share your concerns and I think that your facts are right.

My contention is that considering the fiscal restraints that we have throughout all of the Government and not only the Government but in the private sector, I think that if we could take this one small step to alleviate the emergency that now exists for this graduating class, I would venture to guess that the annual fiscal impact would be $25 to $30 million the 1st year and descending after that over a 4-year period.

Should the economy turn around, should we not be under such severe fiscal restraints, I think that next year we could even consider looking at the program for possible changes for the next graduating class or changing the law back to what it was.

I am not recommending that but I am saying that we have an emergency today with a very small fiscal impact and I think that we owe it to the students partly because of our negligence. I say ours, I am talking about the Government.

I really think that we can garner support for this. I think that the Ways and Means Committee will look on it favorably and I think with the support of you gentlemen here we can be successful in correcting this problem.

Mr. SIMON. I thank you.

In Chicago you will go from 139,000 students with Pell Grants down to 79,000; 65,000 campus based recipients down to 21,000.

I thank you, Mr. Chairman.

Mr. PERKINS. Mr. Coleman?

Mr. COLEMAN. Jerry, I am not sure about your bill. What do you estimate? Are you asking us to put off the entire year? In other words, we would not affect graduating seniors at all by your bill?

Mr. SOLOMON. My bill would change the effective date from May 1 to July 1. You have to look at the language which was in the legislation which said that these students must be enrolled full-time in an accredited program by May 1. And that means, because of the May 1 deadline that many of these kids had to drop out, and some of them could do it because they had developed enough credits towards their high school diploma and towards their majors, et cetera, where they could actually drop out and enroll prior to January 18.

In New York State, for instance most of the community colleges have an enrollment date for this spring semester of January 18. So that many of them dropped out but there were many, many more who could not qualify for a college curriculum because they had not developed enough credits over their 3½ years.

And what I am saying is that the fiscal impact, by extending this date from May 1 to July 1, which simply takes care of this graduating class, whether they graduate in May or June, as they do in different States, the maximum fiscal impact is $245 million.

Based on the fact that less than half of those students would actually go on and matriculate, you could cut that figure in half and then when you spread that over the 4-year period. In other words, with the 25-percent cut in benefits each year for the next 4 years, you are talking about a total fiscal impact of between $100 and $125 million, deescalating over this 4-year period.

Mr. COLEMAN. The phenomena that you just discussed about youngsters opting to graduate early and enrolling early in order not to get caught in this situation is a phenomenon that is nation-

wide and is certainly happening in other States, cities, and other school districts.

It seems to me that the notification issue is one which we will hear from the administration on but looking over the Commissioner's testimony here I would just like to share this with you. I believe you said there were 150,000 individuals that we are really talking about, the youngsters that are caught in this situation.

Mr. SOLOMON. That is right.

Mr. COLEMAN. The excuse for not sending out notifications is they could not do it because they would have to, under Treasury regulations, send it to 36 million people, everybody who got a social security check of any kind. They could not contact these 100,000 kids by themselves.

So the rules and regulations have dominated this entire decision-making process, apparently. I don't know if anybody asked for a waiver. I don't know if it is obtainable but we will find out after your testimony.

But the real kicker is that they said that it would cost $7 million to do this over a 2-month period.

To me that seems like an awful lot of money for 100,000 people that we wanted to contact. They admitted that the records don't contain enough information to target a mailing any earlier than what they normally do in contacting high school seniors.

Gentlemen, we are not as sophisticated as we thought with all these computers in Washington, are we? We can't contact 100,000 people.

The gentleman here from New York probably contacts 100,000 people here in a matter of days here in his office if he wanted to.

Mr. PERKINS. Mr. Peyser, go ahead.

Mr. PEYSER. Thank you, Mr. Chairman.

I won't vent my spleen on my good friend from New York, I want to get at that when we get an opportunity to talk to those representing the Social Security Administration. I do want to raise a question with my friend because inherent in your proposal is the extension of time. I believe anyone listening to your statement would understand that you feel that these young people are really entitled to this opportunity to have the chance of enrolling and taking advantage of this program.

I guess the question that has to come here is, why just these children? Why just these people who are now presently at the end of the road?

In other words, the basic question, Mr. Chairman, becomes why did we do this at all? We are going to now struggle to save 200,000 and to give them the opportunity to go to college. I am certainly in favor of doing this and I have been reaching out through every device I can throughout the country for the last 6 weeks in trying to do that.

If we are going to introduce legislation to save the program I would like my friend to carry that a step further. I will be glad to go on the bill with him and say, let's do what we did when the minimum benefit program was taken away from 3 million people. When we put the bill back in the Congress and I think there were four votes against it in the House and we reinstated the program.

I personally think this program is worth reinstating and I would like to see whether the gentleman would feel that if we have to take it a step at a time that this just be part of it.

[The prepared statement of Congressman Peyser follows:]

PREPARED STATEMENT OF HON. PETER A. PEYSER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

The actions we have been witnessing for the past few months by the Social Security Administration can justifiably be described as "deception by omission". By not informing students throughout the country that their education benefits will be lost unless they are enrolled and attending college by May 1982, the Social Security Administration is, in my opinion, cheating nearly 200,000 eligible young people of their rights.

We should demand that by no later than March of this year, the Social Security Administration should include in all of its monthly checks to this eligible group, a clear and concise statement of their rights. We are affecting the lives of young people who, by the very nature of the fact that they are eligible for this benefit, have already suffered a great loss in their lives.

Mr. SOLOMON. Well, let me respond to my colleague from New York and I certainly understand his concerns and commend him for them although I don't necessarily agree with them.

I know there were reasons why this program was phased out and why the majority of both Houses did support that.

It goes back to what we can do for the young people. When I went to college I had no loans and grants. I had to work my way through school. It took me about 8 years to do it and I did not get a doctoral out of it.

But the point is that there were many, I guess you could call them abuses. I can cite you case after case after case where the mother may have died and the surviving male parent might have been a very wealthy man, and yet all five of those children would be qualified under this social security program.

We can cite many, many other situations and I don't know that you would call them abuses because it certainly was within the law. But without arguing the merits of whether we ought to consider changing it, as we did with the social security benefits before, I think that we have to be practical and decide what we can get through, what we can pass.

And I don't think that we have got the time, really, to gamble on this thing. I feel certain that we would have support in the House to delay it for the 61 days which would take care of this graduating class and those students who have not had time to earn enough money to supplement whatever else they might need through Pell grants, through Federal loan programs, through our own New York State tuition assistance program, which is considerable.

But these kids can't do that. Future children might be able to and at least we can have public hearings and decide what we really should do with the bill, whether we want to leave it the way it is on a phaseout basis.

But, in this case, we are negligent. You and I and the Government are negligent for not having notified them well enough in advance so that they could prepare for it.

I don't think it is practical to be able to extend it to October 31 because then you would be qualifying an entirely new graduating class and you could probably triple the fiscal impact at that time.

I think this is something that your committee and the Tax Committee are going to have to take up and decide what you are going to do with it.

I think we need to deal with this and we need to deal with it within the next several weeks.

I think it is reasonable to think that the Senate would go along with us and I think that with persuasion from people like myself and others, we could get the administration to go along with us. That is why I urge passage of my bill.

Mr. PEYSER. I won't carry the questioning on any further because we have a lot of other witnesses. I would just say that if this bill gets out and reaches the floor it is going to be under an open rule and maybe we will have a crack to do something really meaningful when it gets there.

I yield back my time.

Mr. PERKINS. Mr. Erdahl.

Mr. ERDAHL. Thank you, Mr. Chairman.

Mr. Solomon, I would like to ask you a very basic question because I endorse what you are trying to do. You are saying because of the lack of notification of what might have been a breakdown of communication on the part of the governmental agency or this Congress, a lot of people who would have been able to obtain this assistance are not going to be able to do so and your proposal would extend the deadline from May to July 1.

Mr. SOLOMON. That is right.

Mr. ERDAHL. Is it your understanding that a person, in order to take advantage of this assistance, would have to be enrolled in a post high school course or class or institution? Is that correct?

Mr. SOLOMON. That is correct.

Mr. ERDAHL. Then it seems to me that what you had been saying that for students who live within an area where they could take advantage of a school that would be operating in the summertime, which all institutions don't, they would then get this social security coverage.

If they had made plans to go to an institution such as many private institutions and some State institutions that do not have a summer program, then they would not have this exemption.

So it seems logical if you are going to make this extension so it would apply to the high school seniors graduating in the spring of 1982, and most high school seniors graduate in May or June, then it would seem reasonable to extend it until the middle of September or October so that we would have a uniform, consistent, and equal coverage for high school seniors graduating in the spring of 1982. I sense that is your intent.

Could you comment on that, please?

Mr. SOLOMON. Yes, I can.

It is my understanding that they can enroll and be accepted in a higher education institution and still be qualified.

If you extend it beyond the September 1 deadline, the start of a new school year, you are going to compound the problem that we are having today.

If it is the wish of the committee or the Congress to include next year's graduating class as well, then you could do that, but you are going to open up Pandora's box by doing it.

I think that from all of the college administrators that I have talked to in the high schools, July 1, would take care of all of those students who would be graduating in June.

Mr. ERDAHL. I would like to check that out. If students only have to have admission notification or something showing acceptance in a college, I have no problem with it.

But it seems to me that if they have to be a bona fide student in a post high school academic course, then I don't see how it would impact on the people that would be graduating, let's say, from high school in the spring of 1983 because still we would be dealing with people that graduated during the spring of 1982.

Even though there is a difference of opinion, obviously on this committee, it seems to me that social security started out as a supplemental retirement plan for working men and women in the country.

It is a good program, a good plan and many times our predecessors in the Congress have seen this and I think the gentleman from Illinois pointed out with his statistics and his usual eloquence that we have other programs being cut back and this is going to create some serious problems.

But I would hope that we would be looking for ways for the potential students to be taken care of by either Pell grants or the guaranteed student loans or some other area and we should not use education to draw down further on an already bankrupt social security fund.

My argument still maintains and I will yield to my friend, the gentleman from New York, Mr. Peyser, that it seems if you are going to take care of this year's students to make it very clear so that they are all equally treated whether they begin actual classes on July 1, 1982, or that they are enrolled and accepted in some course that might be starting on the 10th or 15th of September in 1982 that they would be equally treated.

I yield to my colleague.

Mr. PEYSER. I thank the gentleman for yielding because the gentleman raises what is a vital point which the gentleman from New York may not understand.

I am reading from the Social Security Bulletin that is now out in the field on the issue and it says that a student must be enrolled and in full-time attendance before May of 1982.

So, in other words, if he is not in full-time attendance before May of 1982, this thing means nothing.

Mr. ERDAHL. I thank the gentleman for bringing out that point. That is a very important distinction because there is obviously a great deal of difference between enrolled and accepted and actually attending the class.

Mr. Chairman, I thank you. My time has run out. Thank you very much.

Mr. PERKINS. Mr. Corrada?

Mr. CORRADA. Thank you, Mr. Chairman.

I will not ask any question but I would commend the witness for his interest in trying to alleviate the problem created by the phasing out of the postsecondary education benefit program administered by the Social Security Administration.

I don't know if his bill goes far enough and, of course, Congressman Volkmer will be testifying later as to his bill. But I do believe that, first of all, it was a mistake to phase out and eliminate this program and I believe we ought to do something about at least assuring that those students that would otherwise benefit under the program for 1982 would not find themselves drastically wiped out from it.

I yield back my time, Mr. Chairman.

Mr. PERKINS. Mr. Petri?

Mr. PETRI. I would just like to thank my colleague for taking an interest in this legislation and for giving us the benefit of his testimony.

I have no questions.

Mr. PERKINS. Mr. Biaggi, any questions?

Mr. BIAGGI. No questions.

Mr. PERKINS. Mr. Kildee?

Mr. KILDEE. Thank you, Mr. Chairman.

Because of the failure of the Social Security Administration to notify potential recipients about changes in the program I contacted school administrators and counselors in my district. There are now a number of students in my district who are working out some arrangements with their high schools to enroll in the local community college or the 4-year college in time to qualify for social security student benefits. I think that you are to be commended for bringing this to our attention.

But I do think, Mr. Chairman, that maintaining the July 1 deadline still will be unfair to some of those students who were not notified of these changes. I think that we should never have dumped this program in the first place but I will work to salvage what we can.

Thank you, Mr. Chairman.

Mr. PERKINS. Mr. DeNardis?

Mr. DENARDIS. Mr. Chairman, I have no questions at this time.

Mr. PERKINS. Mr. Weiss?

Mr. WEISS. Thank you, Mr. Chairman.

I have no questions. I simply want to indicate to my distinguished friend and colleague from New York, Mr. Solomon, that although I would favor and hope that the Congress, with the effort of this committee, will restore the benefits to what they were.

I want to commend him for coming in and urging his improvement, even partial restoration.

Part of the problem that I think we faced all this last year is that when this administration has made a mistake it has not been willing to really take a second look at it and since I know how much influence the gentleman has with the administration, his role in this can be very, very significant and I want to commend him.

Mr. PERKINS. Thank you very much, Mr. Solomon.

We appreciate your appearing here today.

Mr. SOLOMON. Thank you for your courtesies, Mr. Chairman.

Mr. PERKINS. Congressman Williams. Gentlemen, come around.

It is my understanding that Mr. Williams must leave within a few minutes and for that reason we are going to let you go first, Pat. You can sit down there, too, Mr. Volkmer.

STATEMENT OF HON. PAT WILLIAMS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

Mr. WILLIAMS. Thank you very much, Mr. Chairman.

I appreciate your courtesy and the courtesy of Congressman Volkmer in allowing me to proceed ahead here. I have interrupted a Montana delegation meeting to be here and I came here directly rather than stopping to pick up my prepared remarks.

I believe this issue to be so urgent I wanted to be here. There is a crisis in social security and the crisis goes beyond just a matter of financing social security.

There is a greater crisis, in my judgment, and that is the crisis of confidence of the American people in the social security system.

There is a genuine lack of confidence among young workers in America today who are paying into this system and do not believe that they will ever collect their social security benefits.

And I maintain that the actions of this past year and particularly the actions in the phasing out to eventually eliminate postsecondary education benefits from social security, enhances that crisis of confidence. Because, indeed, since 1965, American workers have paid into social security with the understanding that if they should retire, be disabled or become diseased, social security will provide postsecondary education income assistance for their children.

And now we are telling those workers who paid in that all bets are off and, indeed, what they purchased, they will not receive. And that simply worsens the already deepening crisis of confidence in this system.

Now, on the one hand, then, we have the financial crisis which I think is somewhat less of a crisis than do some others but on the one hand, we have the financial difficulty.

On the other hand, we have the crisis of confidence and I am preparing legislation which is not yet before this committee, Mr. Chairman, but will soon be, which simply says, in effect, that all of those people who purchased coverage since 1965 under social security, coverage for income maintenance for their postsecondary children will receive it.

How are we going to deal, then, with the financial crisis if we are simply going to restore all that?

Well, I would recommend, Mr. Chairman, that the law be restored to permit this. The students, that is the children of everyone who has paid into social security since 1965, will be covered as their parents had understood they would be covered.

And with the enactment of my bill, no future payees into social security would be covered. In other words, they would understand that their premiums were not buying postsecondary education income maintenance.

It is my judgment, Mr. Chairman, and members of the committee, that the very least we should do is keep our word to those Americans who have paid into this system and are now deceased and no longer here to lobby the Members of Congress and the President of the United States to keep our word with them. At least we should continue to cover their children.

It seems to me the harshest of all governments which breaks its word to those who are no longer around to vote against those who have broken their word or to lobby to have the coverage restored.

I will be completing the writing of my bill later this week, Mr. Chairman, and will, at that time, submit it to the committee.

I again thank you for allowing me to interrupt your hearing schedule and interject my testimony.

Mr. SIMON [presiding]. We thank you. Before you arrived I pointed out that in addition to these cutbacks we are being requested to cut back on the other student programs. And the difference between academic year 1980–1981 and the academic year 1983–84 when the new proposals would go into effect would be in the State of Montana on the basic grants, the Pell Grants, from 10,384 recipients down to 5,919.

And on the campus-based programs, the NDSL, work study and so forth, you would move from 6,850 down to 2,872. Then we will compound this all with the social security cutback.

Mr. WILLIAMS. New recommendations, I understand, from the administration are a 50 percent slash in the Pell Grant appropriations and about 20 percent in guaranteed student loan money. And, indeed, Mr. Chairman, that, taken together with the phaseout of the social security benefits, really means that this country has abandoned its long historic commitment to assisting our citizens in attaining a college education.

Mr. SIMON. Mr. Coleman?

Mr. COLEMAN. No questions.

Mr. SIMON. Mr. Biaggi?

Mr. BIAGGI. I want to thank you, Congressman Williams, for your expression of sentiment reflected in your legislation.

Yours is more moral, I guess, in its persuasion, than realistic in light of the day we are living in.

Clearly this Education Committee has been responsible for most of the programs that have made it possible for every young man and woman in this Nation who aspired to continue their education to do so, unlike the conditions that confronted many of us from earlier generations and represent the most significant step forward.

There are many of us on this committee that were responsible for the pieces of legislation that produced that end result. Now we find our programs being decimated.

I understand waste and I understand corruption. If that is the concern of anybody in the process, then that should be addressed. But the Draconian cuts into these areas represent regression. They represent a diminution of priorities as far as the education of our young people are concerned, as well as with our adult population.

I am not sure just where your legislation is going but I think it is important that you express it in those terms.

My own feeling is that Mr. Solomon's legislation is more likely to pass. I would like to be convinced that it was not deliberate misinformation on the part of social security officials.

There was occasional misleading of students by uninformed personnel. But the upshot of that development was that individuals who would otherwise be eligible failed to enroll and it was an injustice there as much as there was an injustice in the breaching of the

contractual relationship of those individuals that entered into the social security program with the full knowledge that these were the benefits that were in place and these are the benefits that they could count on.

I thank you for your contribution today.

Mr. WILLIAMS. Thank you very much.

Mr. SIMON. Mr. Erdahl.

Mr. ERDAHL. Thank you, Mr. Chairman.

I want to thank Mr. Williams also for adding a new dimension to a problem I think we in this Congress properly should address. Whether it is done according to the complete dimensions of your suggestion as the gentleman, Mr. Biaggi, mentioned, is doubtful with the mood of the country and the Congress at the present time.

But, nevertheless, I think it is good that we have it before us as an alternative.

Mr. Chairman, I will look forward as I am sure you will, to seeing the bill from our colleague from Montana.

Mr. SIMON. Mr. Peyser?

Mr. PEYSER. No questions.

Mr. SIMON. Mr. Corrada?

Mr. CORRADA. I have no questions but I would like to make the observation that Puerto Rico was integrated as a State under the social security system since 1951 and our people, of course, pay the Federal social security tax just as anybody else and our students, obviously, are being affected by this measure in exactly the same way as students in the 50 States.

And I look forward to examining the bill that our colleague Pat Williams will draft. I am encouraged by his description of the bill.

Thank you, Mr. Chairman.

Mr. SIMON. Mr. Kildee?

Mr. KILDEE. Just to commend Congressman Williams. I think he is pointing out that we should always try to make the moral real and I welcome that opportunity. I think we should restore this program fully and I welcome the opportunity to do that which he provided us.

Thank you.

Mr. SIMON. Mr. Weiss?

Mr. WEISS. Thank you, Mr. Chairman.

I have no questions but I want to associate myself fully with the gentleman's remarks.

Mr. SIMON. Mr. Ratchford?

Mr. RATCHFORD. Thank you, Mr. Chairman, a few observations and then a question for the gentleman from Montana.

The gentleman would be interested in knowing that my State university, the University of Connecticut, will have 857 students knocked out of the program as a result of the changes that were contained in first the budget resolution and then the reconciliation and then the final adjustment on social security itself.

Second, statewide, our largest paper last Friday did a survey and they estimated 10,000 Connecticut students will be impacted by this change, let alone those in high school who thought they were going to college as a result of the student benefit.

I know you have been actively involved with your aging network and I have held hearings on social security in Connecticut and in

those hearings occasionally I hear the feeling, we will take care of this generation and let the next generation take care of itself.

Some have even said to me that the change was designed to pit young against old. Older American against younger American.

I wonder what you have sensed in Montana and what your observation on that would be?

Mr. WILLIAMS. Mr. Ratchford, I think there is a terribly unfortunate thing that is happening in this country that I did not think was going to happen.

You know when the standard bearer of my party for the Presidency, Jimmy Carter, made the statement that an administration of Ronald Reagan was likely to pit young against old and black against white, I joined most Americans in thinking that President Carter had overstated that condition and had really reached perhaps beyond the bounds of legitimate campaign statements, even recognized campaign hyperbole.

But, unfortunately, in 12 months we see the seeds of discord and discontent and opposition developing among young and old and black and white and gentile and Jew.

Is this administration totally responsible for that? Well, I don't know but the White House operates a great moral lever in America. Someone is responsible because Americans indeed are responsible for one another.

For social security I get increased mail from young workers in Montana, miners and loggers who say, "I am tired of paying the way for the older people in this country. I don't want to pay for social security in this country."

I think they are a minority but a growing minority. Unfortunately, I think the answer to your question, Mr. Ratchford, is yes, I am concerned about it and I think there is a division that is happening.

And if I might just take another moment of your time to tell the members of the committee and the Chair what I have said for many years, and I have said it to my senior citizens in Montana, that we have hung too many ornaments on the social security tree and that is one of the reasons that it is in some financial jeopardy.

But that is beside the point. We hung them on. The American people paid for it with the understanding that at Christmas time they were going to get those ornaments and we either ought to give them the ornaments or give them their money back.

Mr. RATCHFORD. I thank the chairman for his observation.

Mr. SIMON. Thank you very much, Mr. Williams.

We are pleased to have our colleague, Mr. Volkmer.

STATEMENT OF HON. HAROLD L. VOLKMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. VOLKMER. Thank you, Mr. Chairman.

I have a prepared statement which I will ask to be made a part of the record.

Mr. SIMON. It will be entered into the record.

Mr. VOLKMER. In the interest of saving a little time I will try to summarize some of my feelings having listened to the discussions that have preceded me.

I would just like to add that I believe that one of the failings that we have seen in the education of our youth through the budget cuts and the programs of the administration has been basically a lack of determination of priorities.

Now, to go back to why I introduced this piece of legislation. It came to my attention back last fall, that in one high school, a medium-sized high school in my district, 10 percent of the class was eligible under this student benefits program. But after the Reconciliation bill they might not be going to college.

Throughout the district we discovered others and have worked with them to try to help them go to college. I know that perhaps some of the support for the legislation which created this problem when it was passed was that there would be funds available through Pell Grants and through loans to make up the difference and we did not need the benefits from social security.

We know all too well that that is not true today, that that money won't be there and that funds will not be available for these youth to go to college.

As a result, my legislation was introduced in the hope that this Congress would see the problem, would meet the problem and solve the problem.

The reason for an October deadline instead of July has been discussed here by certain members of the committee: that the July date will not help a lot of youth unless, of course, they go to summer school.

Well, some of the youth that would be eligible to receive these benefits are going to have to work this summer. They are not going to be able to go to college on the social security payment alone. They are going to need additional funds and they can only get them through summer work.

There is another reason why some students would have trouble attending summer school. It is a little different in the rural areas, where I am from, than where the gentleman sitting in the chair is from. We don't have a college in every town. We are not like New York City, that has so many, or Washington, D.C. Some places you go 60 or 70 miles to go to college and usually people stay there and board there. You have room and board expenses as well as tuition and books and miscellaneous.

As a result, even with the social security benefit you still work in order to get through college. The gentleman from New York who testified here first stated that he worked his way through and it took him, I believe he said 8 years to go through. He is not the only one.

I, myself, benefited from the same type program, just good hard work through undergraduate and law school. But times have changes since then. Back then the country was moving and the economy was going good and it was not very difficult for a person to find a part-time job to help them get through school and a full-time job in the summer.

But with the economy the way it is right now, these youngsters that are out there are not going to find those jobs. They are not there. They can't work their way through school because there are not enough jobs to go around for them to work their way through school.

I fear we are going to sacrifice the education of our youth because we cannot afford to give them what was given by this administration to oil producers in the 1981 tax bill—more money.

It also seems to be of greater priority to benefit race horse owners, because that was in that tax bill, too. Are race horse owners more important than education of youth? The tax bill had special "leasing" provisions so that corporations do not have to pay taxes. You can go through the list. I think one of our top priorities is the education of our youth, and that we should restore the moneys both for the Pell and the loan funds and the social security. We should get on with the education of our youth and not say that oil producers are more important than the education of our youth.

That is my statement. That is how I feel about it. I think that it is incumbent on the Congress to do something about this so that justice can be done to the youth, whether through my bill or somebody else's.

[The prepared statement of Congressman Volkmer follows:]

PREPARED STATEMENT OF HON. HAROLD L. VOLKMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mr. Chairman, members of the subcommittee, I am grateful for the opportunity to testify today concerning social security student benefits and legislation I have introduced regarding this program. I especially wish to thank Chairman Simon, who is a cosponsor of my bill, for his support and for his decision to schedule these hearings.

Last fall I became aware of the plight of several seniors in a high school in my district. Because of the elimination of student benefits by Public Law 97-35, over 10 percent of the senior class at Macon High School will not receive the financial help they had expected to attend college unless they drastically change their plans.

You will notice that I limit my remarks today to high school seniors. I do so because I recognize the unfortunate but practical fact that these benefits have been eliminated. We have sacrificed the education of countless students while at the same time we gave major oil producers huge tax breaks, and I realize that little can be done to alter this situation. Given this realization, my immediate attention is on the fair treatment of those involved.

High school seniors have received particularly unfair treatment in the elimination process. Last fall they made plans for attending college based on a reasonable expectation that they would receive aid in the form of student benefits. We are not talking about general expectations for some kind of help that many high school students have; rather we are talking about very concrete plans that were made, dollar figures that were calculated, all of which would take effect in less than a year's time. Suddenly, in late summer, these students were told that the help they relied on was no more. That sudden change is not fair treatment.

There is a second reason why the elimination process is unfair for seniors. The phase-out schedule for the student benefits has a peculiar requirement. Eligibility for the phase-out benefits requires that the recipient be enrolled in and attending college by May 1, 1982—this coming May. Those Macon High students I mentioned earlier will graduate on May 21, too late to receive benefits. Some students around the country have found it necessary to drop out of high school early to enroll in colleges, while others are attending college and high school simultaneously, thereby securing their eligibility. This option is not available to most students, however, so the effects of the new law are unfair and needlessly harsh on those students who planned their senior schedules with normal spring graduation and fall enrollment dates.

My bill, H.R. 5176, sets the enrollment deadline back from May to October, 1982. This change would provide some relief from the unfair treatment accorded seniors. And by setting the date back to October rather than July, 1982, as some of my colleagues have suggested, we would allow these students to try to find jobs this summer to help pay for their own education.

H.R. 5176 also delays the phase-out schedule to allow this fall's college entrants to complete four years of education with the aid of social security benefits. Their bene-

fits would be cut by 25 percent each of their last three years in college, so that in their senior year, when they have had time to find and obtain alternate aid, the students' benefits would be 25 percent of the original amount.

The estimates of the number of seniors affected by the new law vary, and I am sure this Subcommittee will hear from accurate sources in this regard. Whatever the number, H.R. 5176 has received enthusiastic support from more than 40 cosponsors and from various education organizations around the country. These organizations include the American Association of State Colleges and Universities, the Illinois State Board of Education, and the Colorado Department of Education.

Again, I thank the Subcommittee for holding hearings on this important topic and for the opportunity to testify. I will be happy to answer any questions you may have.

Mr. SIMON. Thank you, Mr. Volkmer.

Mr. Erdahl.

Mr. ERDAHL. Thank you, Mr. Chairman.

As you heard me say to your colleagues before, I think the area is one we must address. Your legislation provides us a vehicle for doing so, and we will be considering that along with the others. Thanks for bringing this to our attention in this manner.

Mr. VOLKMER. Thank you.

Mr. SIMON. Mr. Biaggi.

Mr. Peyser.

Mr. Corrada.

Mr. CORRADA. I would like to commend my dear friend and colleague for his statement and his interest in the subject matter, and I commend him for this and look forward to Congress taking appropriate action to remedy the situation.

Thank you, Mr. Chairman.

Mr. SIMON. Mr. Kildee.

Mr. KILDEE. I am happy that you have included the October 1 deadline.

Mr. VOLKMER. I think that July would cut too many students off.

Mr. KILDEE. Considering the changes in the social security law, I think your language is important. I would like to restore the benefit, but at least you would be able to pick up those students——

Mr. VOLKMER. It would give them time to work out their finances and see what they can do.

Mr. SIMON. Mr. Weiss.

Mr. WEISS. Thank you, Mr. Chairman. I have no questions.

Mr. SIMON. Thank you very much, Mr. Volkmer, for being here, and your interest.

We will hear from Sandy Crank, Associate Commissioner of the Social Security Administration, accompanied by Nelson Sabatini, Executive Assistant to the Commissioner, and Elliot Kirschbaum, Deputy Associate Commissioner.

Mr. Crank, you may proceed as you wish and read the statement, or we can enter the statement in the record if you wish to summarize it. We can proceed however you prefer.

STATEMENT OF SANDY CRANK, ASSOCIATE COMMISSIONER, SOCIAL SECURITY ADMINISTRATION, ACCOMPANIED BY NELSON SABATINI, EXECUTIVE ASSISTANT TO THE COMMISSIONER, AND ELLIOT KIRSCHBAUM, DEPUTY ASSOCIATE COMMISSIONER

Mr. CRANK. Thank you, Mr. Chairman. I would like to enter the Commissioner's statement in the record. I would like to make a few summary comments.

Mr. SIMON. His full statement will be entered in the record.

Mr. CRANK. Thank you.

As members of this committee know, benefits were added under the social security program in 1965 for children age 18 to 22 of retired, disabled, or deceased workers if the children are full-time students at an educational institution. Like other social security benefits, these benefits are paid regardless of individual need, with the level of benefits related to the parents' past earnings. In December 1981 about 761,000 children received social security student benefits, and approximately $2 billion was paid to student beneficiaries in fiscal year 1980.

As you know, both the House of Representatives and the Senate passed provisions in 1981 as part of the budget reconciliation process to phase out social security student benefits. That provision made the following changes. First, children on the rolls in August 1981 who are in full-time attendance at a postsecondary school before May 1982 will have their benefits continued, but at a reduced rate, through April 1985 or age 22, whichever occurs first. Second, all other postsecondary students will have their benefits terminated effective August 1982. Third, no student's benefits will be payable for the months of May through August. And fourth, benefits to students in elementary or secondary schools will not be payable after age 19 effective August 1982.

Even though there was no specific requirement from the Congress that we do so, SSA has conducted a nationwide public information campaign about changes in the law. However, questions have been raised about the adequacy of SSA's efforts to notify beneficiaries. The fact of the matter is we have made extraordinary efforts to publicize the social security provisions of the Omnibus Budget Reconciliation Act of 1981. It is also important to keep in mind that newspapers across the country gave a great deal of coverage to the reconciliation process at all stages, reporting all the major social security provisions both during the congressional consideration and when the bill was signed by the President.

Our public information campaign has included revising and distributing through local social security offices 4 million leaflets containing explanations of the student benefit changes. In addition, as early as September, our district offices received news releases, radio announcements, draft articles, and news columns for distribution to local newspapers, radio and television stations. Since September a monthly newsletter to 5,000 groups and organizations including many in the field of education has carried a number of stories on the student benefit change. In addition, we are continuing our normal practice of contacting all child beneficiaries 5 months before their 18th birthday to find out if they plan to continue in

school. At the time of that contact the beneficiaries are informed of the changes in the law. In 3 weeks, we will be sending to all student beneficiaries age 18 and over direct notifications of the changes in the law as part of our annual school attendance process.

That concludes my summary statement, Mr. Chairman. I would be happy to answer questions.

Mr. SIMON. Thank you.

[The prepared statement of John A. Svahn follows:]

PREPARED STATEMENT OF JOHN A. SVAHN, COMMISSIONER, SOCIAL SECURITY ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Mr. Chairman and members of the committee, I want to thank you for this opportunity to submit a statement about the phase-out of the Social Security student benefits program, enacted into law as part of the 1981 Omnibus Budget Reconciliation Act last August 13, 1981.

In 1965, Social Security benefits were added for children age 18-22 of retired, disabled, or deceased workers if the children were full-time students at an educational institution. Student benefits were provided on the presumption that a student age 18-22 is dependent on his or her parent for support and loses a source of support when the parent retires, becomes disabled, or dies. Like other Social Security benefits, student benefits are paid regardless of individual need, with the level of benefits related to the parent's past earnings.

In December 1981, about 761,000 children received Social Security student benefits. Approximately $2 billion was paid to student beneficiaries in fiscal year 1980.

Serious questions have been posed for a number of years regarding the growth and lack of coordination of benefit programs for students, particularly whether it is necessary for the Social Security program to help finance postsecondary education. Few student aid programs were available when Social Security student benefits were provided in 1965. Since then, other public programs have been enacted or substantially expanded to provide financial assistance for students. These programs more directly relate student assistance to family income and educational cost. For example, the Pell Grant program (formerly Basic Educational Opportunity Grant Program (BEOG), provides aid to needy students, and Federal loans are available to other eligible students at low interest rates. As this committee knows, in addition to the Federal funds, there are also several billion dollars available for students from State-sponsored scholarships and low-income supplements as well as from private lending institutions. There is also an extensive network of relatively low cost community colleges.

In recognition of the fact that Social Security student benefits were not efficiently targeted toward students needing financial assistance and in light of the growth of education aid programs in the late 60's and early 70's, the Ford Administration proposed phasing out student benefits as part of its budgets for fiscal years 1977 and 1978. In 1978 and 1979, the Carter Administration offered a similar proposal to phase out the student benefits program. In 1981, the Reagan Administration proposed that the student benefits program be phased-out.

Both the House of Representatives and Senate passed provisions in 1981, as part of the budget reconciliation process, to phase out the program.

The Reagan Administration proposed phasing out Social Security student benefits to help restore the fiscal soundness of the Social Security system. While other fundamental program reforms will be needed to provide for the longer term solvency of Social Security, enactment of the Administration's proposals will result in significant savings and better management. It is important to note that when the Social Security student benefits program was added in 1965, the Old-Age and Survivor's Insurance Trust Fund had more than a 100 percent reserve ratio. (The reserve ratio is the projected assets of the trust funds compared to the expected outgo.) At the beginning of 1982, however, the reserve ratio for the OASI Trust Fund was only 13 percent, excluding the possible effects of interfund borrowing, under II-B Assumptions in the 1981 Trustees Report. The enactment of Public Law 97-123, restoring the minimum benefit for people eligible for Social Security before January 1982, will add about $1.9 to $2.6 billion to trust fund expenditures for calendar years 1982-1986 above those projected after the Reconciliation Act was passed. The student benefit phaseout provision is expected to save approximately $10 billion in the calendar years 1982-1986.

We have heard very little criticism of the phase-out provision since its passage in August. However, in recent weeks questions have been raised about the adequacy of SSA's efforts to notify beneficiaries affected by the phase-out. The fact of the matter is that we have made extraordinary efforts to publicize the Social Security provisions of the Omnibus Budget Reconciliation Act of 1981. It is also important to keep in mind that newspapers across the country gave a great deal of coverage to the reconciliation process at all stages, reporting all the major Social Security provisions both during their congressional consideration and when the bill was signed by President Reagan. Even though there was no specific requirements from the Congress that SSA do so we have conducted a nationwide public information campaign to alert the public of changes in the law.

Our public information campaign has included revising and distributing through local Social Security offices four million leaflets containing explanations of the student benefit changes, distribution as early as September to our district offices throughout the country of news releases, radio announcements, draft articles and news columns for distribution to local newspapers, radio and television stations. Since September a monthly newsletter to 5,000 large groups and organizations, including many in the field of education, has carried a number of stories on the student benefit change. In addition, we are continuing our normal practice of contacting all child beneficiaries 5 months before their 18th birthday to find out if they plan to continue in school; at the time of that contact, the students are informed of the changes in the law. In 3 weeks we will be sending to all student beneficiaries aged 18 and over direct information of the changes in the law as part of our annual school attendance reporting process.

Several practical considerations weighed against either sending check stuffers or separate notices to potentially affected beneficiaries. For example, the Treasury Department rules limit us to two-sided check stuffers that are only the size of the checks and must be sent to all 36 million beneficiaries, not just a select group. (This simple check stuffer would cost, including the cost of mailing to direct deposit beneficiaries, about $1 million in direct printing and mailing costs.) Since there would not be enough space on such a stuffer to provide adequate information, needless alarm would be caused for Social Security beneficiaries, with the likely result that both Social Security offices and congressional offices would have been swamped with questions and complaints.

A separate mailing of leaflets to all beneficiaries, on the other hand, would have taken over 2 months and cost about $7 million to accomplish. Aside from questions of whether such kinds of undertakings would be appropriate without specific congressional authorization, the limitations of funds, staffing, and computer capacity already make it difficult for SSA to implement all of the changes recently enacted in SSA programs. Finally, our records do not contain enough information to target a separate mailing any earlier than we are doing to high school seniors who are beneficiaries.

While recent criticisms suggest that SSA has not done enough to notify students of the changes in the law, I would submit that the reactions we in SSA and you in the Congress have received prove the opposite. On the contrary, the message has been heard loud and clear. Perhaps what we are hearing is not so much about a lack of notification as it is about the understandable problems of adjusting to difficult but necessary changes in the law. As I reviewed in the earlier part of my statement, there was a need to phase out nonessential elements of the Social Security program and a great deal of discussion in committee hearings about the impact of cutbacks on the beneficiary population and the alternative sources of help. The Congress, in fact, extended the cut off date from the originally proposed August 1981 date to May 1982 specifically to protect high school students who were just completing their senior year.

Mr. Chairman, we believe that the provision enacted as part of the 1981 Reconciliation Act is a reasonable one and that SSA has made and is continuing to make every reasonable effort to get the word out to people affected by it. With your permission, I would like to enter into the record along with this statement letters concerning these student benefit issues from Chairman Rostenkowski of the House Committee on Ways and Means and Mr. Pickle, Chairman of the Social Security Subcommittee.

QUESTIONS FOR COMMISSIONER SVAHN

1. When will SSA notify all current student benefit recipients and all 18 year olds (scheduled to graduate in May/June 1982 from high school) regarding the termination or reduction in their benefits? (Simon)

2. How much will this cost and what method of notification will be used? (Simon)
3. What special effort to notify those 18 year olds, who received the outdated SSA brochure regarding their continuing eligibility will be undertaken, if any? (Peyser)
4. What data/information does SSA now have regarding the demographic or socio-economic characteristics of current SSA student beneficiaries or their families that would assist in identifying those who would be eligible for Pell Grants, Guaranteed Student Loans or campus-based student aid (SEOG, NDSL, CWS)? (DeNardis) Please provide.
5. Why didn't you request an exemption from the Treasury Department regulation referred to in your testimony? (Coleman)

THE COMMISSIONER OF SOCIAL SECURITY,
Baltimore, Md., February 26, 1982.

Hon. PAUL SIMON,
Chairman, Subcommittee on Postsecondary Education, Committee on Education and Labor, Cannon House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for additional information arising from the joint hearing of the Subcommittee on Elementary, Secondary and Vocational Education and the Subcommittee on Postsecondary Education on February 3.

I am enclosing responses to the five questions you submitted and comments on Representative Williams' proposed student's benefits legislation. A cost estimate for Representative Williams' idea will be furnished as soon as possible.

You also requested the Department's views on H.R. 5176, H.R. 5357, and H.R. 5193. We will make every effort to obtain the necessary Administration clearances so that we can fulfill this request at the earliest possible date.

Sincerely,

JOHN A. SVAHN.

Enclosures.

Question 1. When will SSA notify all current student benefit recipients and all 18-year-olds (scheduled to graduate in May/June 1982 from high school) regarding the termination or reduction in their benefits?

Answer. From February 26 through March 12, 1982 a pamphlet (attached) explaining the changes in student benefits will be mailed to all approximately 800,000 student beneficiaries. This mailing is in conjunction with SSA's yearly mailing to all student beneficiaries to determine which students are continuing in school after the current school year. In addition, we are continuing our normal practice of contacting all child beneficiaries 5 months before their 18th birthday to find out if they plan to continue in school; at the time of that contact, the students are informed of the changes in the law regarding benefits for post-secondary students.

Question 2. How much will this cost and what method of notification will be used?

Answer. The mailing to all student beneficiaries described in the response to question 1 will cost about $150,000; however, only a small portion of this cost is due to including in the normal end-of-year student mailing the pamphlet explaining the changes in student benefits.

Question 3. What special effort to notify those 18-year-olds, who received the outdated SSA brochure regarding their continuing eligibility, will be undertaken, if any?

Answer. We are sending the pamphlets referred to in the response to question 1 to all student beneficiaries. We are doing this to correct misinformation that may have been received through our mailing of obsolete forms to less than 100,000 student beneficiaries.

Question 4. What data/information does SSA now have regarding the demographic or socio-economic characteristics of current SSA student beneficiaries or their families that would assist in identifying those who would be eligible for Pell Grants, Guaranteed Student Loans or campus-based student and (SEOG, NDSL, CWS)? Please provide.

Answer. The only information that SSA has on individual student beneficiaries is their date of birth, sex, and monthly benefit amount. SSA's records do not contain other demographic or socio-economic characteristics that would assist in identifying those who would be eligible for other Federal educational assistance programs. SSA only collects and maintains information that is needed to determine eligibility for Social Security benefits; since these benefits are not needs-related, there is no need to collect information such as family income, the students' other sources of income, or educational costs, for example.

Question 5. Why didn't you request an exception from the Treasury Department regulations referred to in your testimony?

Answer. Treasury's rules on check stuffers are based on the mechanical capacities and limitations of their check issuance system, not just on policies that they can waive on request. They simply do not have the mechanical ability to identify a limited group of beneficiaries to receive notices. Therefore, we pursued other available avenues to reach affected beneficiaries.

Comments on proposal to provide student's benefits for children of workers who worked in covered employment or self-employment from 1965 until the date of enactment of the proposal

As we understand the proposal, it appears that its purpose is to restore Social Security student's benefits for those currently eligible and those who will become eligible during some future period. We continue to believe that Social Security student's benefits should be phased out, both because other education aid programs have been established to help needy students since Social Security student's benefits were provided in 1965 and also to help restore the fiscal soundness of the Social Security system. While other fundamental program reforms will be needed to provide for the longer term solvency of Social Security, the student benefit phase-out provision is expected to save approximately $10 billion in calendar years 1982–1986. Even with this savings, however, the Old-Age and Survivors Insurance Trust Fund is expected to be unable to pay benefits on time beginning in July or August 1983 unless further corrective action is taken. This proposal to continue student's benefits beyond the phase-out period would be a significant cost (estimates to be supplied) to the trust funds at a time when their status is already extremely precarious.

Mr. SIMON. If we unload on the three of you, it is not personal hostility here. We understand your situation.

You mentioned in reading the Commissioner's statement about notification that the newspapers gave great publicity to the reconciliation process. Now it is true that the newspapers gave great publicity to the reconciliation process, but it is also true that those of us on the floor of the House of Representatives did not know what was in that bill. I did not know, I do not think anybody else here knew, and how people in Carbondale, Ill., or New Haven, Conn. could know baffles me.

I am also interested, my colleague from Missouri, Tom Coleman, mentioned the figure in the text here of $7 million to send out notifications. Now we are talking about those of the high school senior age. We are talking about roughly 100,000 people or so, it is my understanding. Is that correct?

Mr. CRANK. I am sorry?

Mr. SIMON. We are talking about those who would be in the age group of high school seniors who would be social security recipients, we are talking about roughly 100,000 people; is that correct?

Mr. CRANK. That is a very rough estimate on the low side—of how many student beneficiaries—that is, over age 18—are in high school. We do not have specific figures.

Mr. SIMON. You are saying 100,000, and $7 million means it costs $70 per notification, if my arithmetic is correct. There are quite a few people in my district who would like to have a contract for half that amount to send that notification out. Is there something faulty in my arithmetic?

Mr. CRANK. No; Mr. Chairman. I think that what the Commissioner was trying to convey simply was that it was not possible in a check-stuffer operation by the Treasury to target easily the 100,000. Treasury's processes are such that if they are going to stuff something for us—and they often do that because we include check stuffers frequently during the year—they put a stuffer in every

check, they do not identify by account number which particular checks should get a stuffer. The estimate of $7 million would be what it would cost if we were to notify all 36 million beneficiaries in a separate mailing of the provisions contained in the reconciliation legislation.

Mr. SIMON. Do you not have a computer setup so that if you want to make a mailing to widows or widowers who have children who are 16 and 17 and 18, that you can punch a button on a computer or program it so that you can get a mailing to them or get the labels produced for them and get something out?

Mr. CRANK. Yes; we can identify people who are between the ages of 16 and 18. We estimate that a separate mailing to all child beneficiaries over 16 years of age on our records would go to about 1.3 million people and would cost something in the neighborhood of $1 million.

Mr. SIMON. It is coming down fast.

Mr. CRANK. That includes a substantial cost of about $800,000 associated with processing and handling the inquiries and the fallout from the mailing. The direct printing and mailing cost would be something in the neighborhood of about $275,000. Have I made that clear?

Mr. SIMON. You are becoming more clear all the time.

Mr. CRANK. If we were to further target our selection of people on our rolls and send separate notices, not check stuffers, but send separate notices to all who will not otherwise receive some other kind of notice from us in our regular operations, we think that would affect about 500,000 people, and the direct mailing and printing cost for that would be about $105,000, and the added ancillary costs for inquiries and other things would be another $200,000.

If we further targeted only those people who are 17 years old and who have not yet received the regular notice we send to people when they reach 17½, that would reach about 265,000 students and would cost about $52,000 in direct costs, and about $125,000 in other kinds of costs. Let me say that if we were to start now, we would have to program our systems to do that and it would take about 2 months.

Mr. SIMON. To do that you do not need a mandate of Congress, it is simply an administrative decision; is that correct?

Mr. CRANK. That is correct.

Mr. SIMON. Mr. Erdahl?

Mr. ERDAHL. Thank you very much, Mr. Chairman.

I think, sir, that you were in the room and your associates when we heard from our three colleagues in the Congress. Would you care to respond if there is a position of the administration or do you wish to give some personal observation. One you recall, the gentleman from Montana, Mr. Williams, would phase it in I guess starting with the social security payees in 1985. The gentleman from New York had an idea that we could change the cutoff date from May 1 to July 1. My recollection is that the gentleman from Missouri, Mr. Volkmer, would have us change it to October 1. Would you care to comment if the administration has a position on those proposed pieces of legislation and any comments you might have about their impact and cost.

Mr. DENARDIS. Would the gentleman yield?

Mr. ERDAHL. Yes.

Mr. DENARDIS. Perhaps Mr. Crank could indicate to us whether there have been any studies of the cost of extending it to July 1 and October 1.

Mr. ERDAHL. I will accept that amendment to the question. Thank you, Mr. DeNardis.

Mr. CRANK. On the three bills that have been introduced, we do not have today an administration position. If the committee would like that, we would be happy to submit a position on those three pieces of legislation.

With respect to the as yet unsubmitted proposal from Congressman Williams, which he indicated would restore student benefits for children of workers who contributed to social security between 1965 and some date, that would be something we would want to study. I would be reluctant to give you an off-the-top-of-my-head position on that today.

Mr. RATCHFORD. Would the gentleman yield to another gentleman from Connecticut?

Mr. ERDAHL. Why do you not finish the statement and——

Mr. CRANK. Mr. DeNardis asked whether there had been any studies on the cost of extending the cut-off date, I think work is being done on that, but I am not prepared to give you that today.

Mr. ERDAHL. I yield to the gentleman from Connecticut.

Mr. RATCHFORD. This will be one of the top budget issues that we will have to face in this committee over the next couple of months. How long would it take you to get a response once the letter is received? Are we talking policy, are we talking budget, or are we talking both?

Mr. CRANK. I think both. I would estimate that in 2 to 3 weeks we could get you an answer.

[Information referred to above follows:]

[Memorandum]

FEBRUARY 2, 1982.

From: Roger Hicks.

Subject: Cost estimates for a proposal to modify the student phase-out provisions, H.R. 5176.

This proposal, introduced by Congressman Volkmer, would make two important changes with respect to the phase-out of post-secondary students benefits. (1) Students who were entitled to child's insurance benefits for August 1981 and who begin full-time attendance at a post-secondary school before October 1982 (May 1982 under present law) would be included in the phase-out group. (2) The benefit reductions for the phase-out group would each be delayed 1 year; i.e., the 25 percent reduction would begin September 1983 instead of September 1982, and so forth.

The estimated additional OASDI benefit payments in calendar years 1982–86 are shown below:

Estimated additional OASDI benefit payments

[In millions]

1982	$140
1983	480
1984	200
1985	60
1986	20
Total 1982–86	900

The estimates for 1982 represent a net of savings for May, June, and July and cost for months after August. This is because the new phase-out students (under

H.R. 5176) must forego benefits for May–July which they would receive under present law, in order to receive benefits for months after August.

The bill specifies full-time attendance before October 1982, rather than November 1982. Although some post-secondary schools do not begin their fall curriculum until October, the above estimates assume that all of the students potentially affected by the bill are in full-time attendance before October. In actual practice, some students might have to resort to unusual tactics to meet the October deadline in the bill (much as is happening now to meet the May deadline). If the bill were amended to substitute November for October this problem would be avoided.

The estimates are based on the alternative II–B assumptions of the 1981 Trustees Report.

[Memorandum]

FEBRUARY 3, 1982.

From: Richard S. Foster, Office of the Actuary.
Subject: Cost Estimates for H.R. 5193 and H.R. 5357.

H.R. 5193, introduced by Representative Mottl, would repeal section 2210 of the Omnibus Reconciliation Act of 1981. This is the section that phases out post-secondary students benefits under social security. The estimated additional OASDI benefit payments (in millions) that would result from the enactment of this bill are shown below, for calendar years 1982–86:

H.R. 5193

1982	$915
1983	1,715
1984	2,260
1985	2,570
1986	2,730
Total 1982–86	10,190

H.R. 5357, introduced by Representative Solomon, would redefine the group of beneficiaries who will continue to be eligible for post-secondary students benefits (on the phased-out basis). Specifically, students who were entitled to child's insurance benefits for August 1981, and who begin full-time attendance at a post-secondary school before July 1982 (rather than May 1982 as under present law), would be included in the phase-out group. If all the students who are potentially affected by this change were to enroll in post-secondary schools by July 1982, then the estimated additional OASDI benefit payments (in millions) would be as follows:

Maximum potential effect of H.R. 5357

1982	$40
1983	185
1984	75
1985	25
1986	
Total 1982–86	245

These estimates are identical to those prepared for a similar proposal and shown in the attached memorandum from Roger S. Hicks dated January 28, 1982. This memorandum should be referred to for an explanation of the nature and pattern of the estimated additional benefit payments.

In actual practice, only a portion of those potentially affected by H.R. 5357 would enroll in school by July 1982. Many would either not learn of the opportunity, not take the trouble, be unable to enroll on an advance basis, or choose not to join the phase-out group. Thus the estimates shown represent the maximum additional benefit payments that might result from H.R. 5357; the actual cost could be substantially less. It is unfortunately not possible to determine the proportion of eligible students that would join the phase-out group. The actual cost effect would be proportional to the fraction of all eligible students who enrolled by July 1982.

These estimates are based on the alternative II–B assumptions of the 1981 Trustees Report.

Mr. ERDAHL. No further questions. Thank you.
Mr. SIMON. Mr. Peyser.

Mr. PEYSER. Congressman Biaggi had to leave to go to the floor, and he asked me to make one comment for him. A widow in his district had a son who was reaching the eligibility point under this program. She had contacted the New York office, social security, who led her to believe that with the information they had that she would not have any eligibility. They then called Congressman Biaggi's office. His staff called the regional office, and they once again gave what proved to be misinformation on the boy's eligibility. Mr. Biaggi's office spoke to Baltimore, got the correct information, and gave the mother the correct information, who then checked with the New York office, only to be given the misinformation the second time around. As late as September 30, 1981, the New York office was still giving out misinformation about student eligibilities.

The Congressman is very concerned over what the Social Security Administration was doing to rectify these situations, and I think in keeping with that I want to leave that statement for the Congressman, because I do have what the Administration has tried to do that I would like to mention, and then tie it in with a question in general.

I think that the actions that we have seen, Mr. Chairman, and have been witnessing for the past few months by the Social Security Administration, can justifiably be described as deception by omission. By not informing the students throughout the country that their education benefits will be lost unless they are enrolled and attending college by May 1982 the student's were deceived. The Social Security Administration, in my opinion, is cheating nearly 200,000 eligible students out of their potential rights. We should demand that no later than March, that the Social Security Administration would in fact be able to notify these students clearly and concisely as to what their rights are.

Mr. Chairman, the gentleman representing the Social Security Administration used the words "making extraordinary efforts to get the public the information." Well, I have gotten some copies of what those extraordinary efforts were in dealing with, for instance, the newspapers. This is a copy of what was sent out by the Social Security Administration on this subject matter and what it says:

> As a result of legislation enacted in mid-1981, social security student benefits will be phased out for those attending postsecondary schools. When student benefits first began in 1965 the rationale was that young people 18 to 22 who were full-time students were as much dependent on their parents for support as children under 18. However, benefits were not related to any education costs involved or to school performance.

That was the end of the release dealing with changes on social security that went out in December 1981.

We have another one that deals with changes, and they say "There are changes in the social security benefits under the student programs. If you have any questions, contact your regional office." That was another news release that went out.

It seems to me that these news releases which are copies from the public service announcements of the Social Security Administration certainly do nothing that would tell the students what the story is. I am pleased with my colleagues for quick action on this. Many Members of Congress have been reaching out in their districts trying to get this message out. I took the liberty a month and

a half ago of mailing out to nearly 6,000 guidance teachers in high schools all over the country exactly what the situation was. We have received countless calls and letters from people, and I selected one or two.

Here is a letter from Spring, Tex., and it says:

> Thank you for taking the time to inform the counselors of the change in social security benefits. As a counselor and as a widow with a young daughter, this information was vital to me.

That the Social Security Administration, who normally sends out tons of paperwork, has been so quiet on this issue is deplorable. I have received numerous letters of this nature.

Now all this has reached such a volume, Mr. Chairman, that on the 14th of January—this is just a couple of weeks ago now—the Social Security Administration has sent out a special telegraphic message that I have gotten a copy of to all of its offices. The thrust of it which went to the regional offices, special offices, and so forth, was to insure that inquiries regarding the student phaseout provisions of the 1981 Omnibus Budget Reconciliation Act are answered correctly. Now, it is very obvious to me that the only reason this was ever sent out, and then they detail the whole thing in great detail, covering it quite correctly as to when the benefits end, is because of the constant complaints that have come from all over the country on people not being notified.

I talked with Commissioner Svahn the other day and he allowed as how there may be some of these students who were not given the correct information. The process, and I would like to ask if this is correct, normally you notify a student 5 months before he is 18 years of age that he will be eligible for these programs?

Mr. CRANK. We explain to him at that time what the conditions are for continued receipt of benefits under the status of a student.

Mr. PEYSER. Do you allow that there were a great many 18-year-olds that were notified that they were eligible for the full benefits after the act had been changed? We have during that 5-month period. You still mailing out eligibility notices that said they were eligible, you still had a number of offices, for example, your Kansas City regional office as late as December was sending out your bulletins saying that these students were eligible, with no statement about your new bulletin that came out that was corrected. These were sent out from that Kansas City regional office, which covered a very broad area of the country as late as December, letting people believe they were fully eligible. Obviously I guess that is what necessitated this kind of a telegraphic message to all of your units.

Mr. CRANK. Mr. Peyser, what happened is that we did print up new leaflets explaining the new provisions as enacted in August 1981. Those leaflets were put into stock supplies in social security installations around the country, in particular our large processing centers where most of the notices are released to go to children 17½. The processing centers use those leaflets to inform people at that age. Through an error—which we did not discover until after it had gone on for some time—the old stock of pamphlets was not destroyed at the time the new stock of pamphlets was received, and unfortunately some of the old stock was sent to children after

August 1981. We have corrected that problem. We have destroyed all of that old stock.

Mr. PEYSER. But the question is all of those who received the wrong information, they did not get another mailing, because there is nothing in the system I understand to allow for that up to this point.

Mr. CRANK. That is correct. We had no way of identifying which children received the incorrect pamphlet.

Mr. PEYSER. I am asking you, in fairness then, do you not think it is an obligation of the Administration to make that correction and to, if you have to, expend that $225,000? A suggestion I will make for my colleagues if it were a tradeoff in doing this is to put on the bottom "Call your Congressman for further information" and they will not call you for that extra expense. Would you not think in fairness that would be the thing to do?

Mr. CRANK. I would say that we still would have to spend money to answer inquires from Congressmen.

Mr. PEYSER. I think we all understand the answer at this time. I would really like to get an explanation, and since you are representing the Commissioner here, and I do not want to put you on the spot, but we knew the mistake was made before you just stated it because I have seen the information. Do you not think it would be fair for the Administration now to take an action so that everybody, every eligible person would know exactly where they stood?

Mr. CRANK. If you will give me just a moment.

I was determining whether or not those people would ordinarily get another notice prior to their 18th birthday. I would like to, with the permission of the committee, to take that back as a recommendation of the committee and provide an answer once we have had a chance to do additional consultation with the Commissioner.

Mr. PEYSER. I would appreciate that, and I understand the situation you are in. I guess what we are fighting here is a time problem. If the Commissioner's answer should be no and we get that word back, that is not going to leave me or perhaps members of this committee in a very happy situation. Also it is not going to help all those thousands who were misinformed mistakenly by the Social Security Administration. I am wondering what is going to happen to the young person who at this point still thinks he is eligible because of the misinformation that was mailed out and then applies and finds out suddenly he is not eligible. What happens?

Mr. CRANK. I think we can give the committee an answer on that by the early part of next week.

Mr. PEYSER. I think it would be most important, and I would hope that you would convey to the Commissioner that we view this as a vital function of that Administration. A mistake was made of a substantial nature. We do not even know how broad the mistake was, nor do you. We have a lot of people sitting out there who do not know the facts, and we have a lot of people sitting out there who have the wrong facts, I think with that in mind we should get a mailing out such as you have outlined that can be done for $200,000 or $100,000, I forget which category we are dealing with, and it would be a way that this Administration at least could come out of this with its head up again and not with the perception by

me and the public that something has been done to deliberately deceive young people in this country, in effect cheating them out of their benefits that they are entitled to.

I know that is not the intention, but I think you have to take this kind of action in order to guarantee that the people are protected, and I appreciate your looking at that, and I am sure the chairman will look forward to hearing from the Commissioner as soon as possible on that.

Mr. Chairman, I yield back my time.

Mr. SIMON. Mr. DeNardis.

Mr. DENARDIS. Did anyone in the Social Security Administration think to suggest that the Administration might apply for an exemption from the Treasury Department rule mentioned on page 5 of your testimony?

Mr. CRANK. No, we did not ask for that exemption. We did not choose to go that route, and therefore we did not ask for the exemption.

I would like to just put into context for the committee some additional information which I am sure you all understand. I think it is helpful to remind ourselves that beginning in August 1981 the Social Security Administration has been extremely busy dealing with not just the provision affecting students but with a great many provisions coming out of the Omnibus Budget Reconciliation Act. A tremendous amount of our energy, effort, and management attention was focused not only on the student provisions but on major changes such as changes in the minimum benefit.

I think we can look back and acknowledge that we might have done some things differently. That is not to beg the issue with you, but simply to indicate that certainly it was not negligence on our part, as was suggested earlier in this hearing. It certainly was not because we wanted to injure people, but we saw our responsibility as trying to implement a large number of provisions coming out, many of which had very short effective dates and many of which were going to affect larger numbers of people than were affected by the student provisions, and so we made decisions. Clearly, in hindsight, one could say we could have done other things, including such things as asking for an exemption and going out with separate mailings, but we did not do that.

Mr. DENARDIS. I appreciate your response. I do not intend to beat up on the Social Security Administration, and I do not think anybody here does. We are just looking for some answers.

In response to my good friend, the gentleman from New York who mentioned cheating students out of their rights, I think that bears putting into perspective, because in fact the law that we passed that was signed by the President in August 1981 did in fact change the law, did change the social security student benefits to effectively cut back on that entitlement to help alleviate the pressure on the social security trust fund, and I think what some of my colleagues seem to be suggesting is that the Social Security Administration has a responsibility to inform the public how to end run the intent of Congress, which was to phase out benefits to students not otherwise eligible as of May 1, 1982.

I think, therefore, while it was your obligation to notify the students of this change in the law, it is certainly not your obligation

to inform students on how to end run the intent of Congress in terms of this question. I mean that was a public policy that was decided, and for you to implement.

I would like to ask a question with respect to the rationale for this. We have a lot of champions of overturning that decision of last summer. I am a new Member of Congress, but I am aware of the fact that this issue is a rather old one and did in fact come to a head in the Ford administration. President Ford proposed the phasing out of student benefits as part of its budgets for fiscal year 1977 and fiscal year 1978, and in 1978 and 1979 the Carter administration offered a similar proposal to phase out the student benefit program, and President Reagan, the third President in succession, did make that recommendation, and upon his recommendation the Congress concurred.

It seems to me that the benefit program has been in question because student benefits were not apparently being efficiently targeted toward students needing financial assistance. What I would like to know in light of this long history or at least longer than 1 year history, over this period of time did the Social Security Administration do any study of the demographic and social characteristics of the social security student benefit recipient population, and if so, could you briefly summarize this data in terms of family income and other factors that are important? Because obviously this change did not come out of the blue. It came in response to Presidential initiatives since 1975, and apparently there is some data base to support this whether I might agree with that or not, and I want to get the other side of the story for the record.

Mr. CRANK. Yes; Mr. DeNardis, I think there is some information that is available in the Social Security Administration on those kinds of demographics. In the interest of accuracy, since I do not have that with me today, I would again ask the indulgence of the committee to be allowed to submit that information for the record.

[The information referred to follows:]

INDIVIDUAL STUDENT BENEFICIARIES

The only information that SSA has on individual student beneficiaries is their date of birth, sex and monthly benefit amount. SSA's records do not not contain other demographic or socio-economic characteristics that would assist in identifying those who would be eligible for other Federal educational assistance programs. SSA only collects and maintains information that is needed to determine eligibility for Social Security benefits; since these benefits are not needs-related, there is no need to collect information such as family income, the students' other sources of income, or educational costs, for example.

Mr. SIMON. Mr. Ratchford.

Mr. RATCHFORD. May I inquire of you as to whether any of you have the responsibility for public information within the social security framework?

Mr. CRANK. No; that does not come under any of our specific direct responsibilities.

Mr. RATCHFORD. I am of the old philosophy, do not shoot the messenger, but the message ought to go back that whoever is responsible for the State of Connecticut. I am the former commissioner on aging from the State of Connecticut. Prior to that I was involved in a nursing home survey in Connecticut, and I do not recall since the reconciliation or budget bills passed one news item, one radio an-

nouncement, one television story, one item in a weekly newspaper in my district on this subject, so I do not know where those releases were going, but in my district, one-sixth of Connecticut, we have 5 daily newspapers, 8 to 10 weekly newspapers, a dozen radio stations, 3 cable television stations, and are served by Congressman DeNardis' district by 3 television stations.

In spite of strong district offices in Connecticut which are very cooperative with Members of Congress, and in spite of a strong effort at that level, the public information network was silent in Connecticut. You need to monitor this in case of changes in the future.

I still think, however, there is an administrative responsibility. How much effort would it take to develop a model letter and send it to your district offices and, say, notify every high school within your district? Our congressional office did it, and others did the same. Even today we have guidance teachers, principals, financial assistance officers at the college level, and the saddest of all, single parents tell us that they were not aware of the change until it was too late.

I know you have a tremendous responsibility. I agree with the gentleman from Connecticut that the policy decision was not made by you, it was made by Congress. Once that occurred, unless there is this outreach through public information, we are hurting people in the process.

Mr. SIMON. Mr. Kildee.

Mr. KILDEE. I have no questions, Mr. Chairman.

Mr. SIMON. We thank the three of you very much for your testimony. There may be some additional questions submitted, and we will look forward to hearing from you on the items mentioned here today.

Mr. SIMON. Our next two witnesses are a panel of Mrs. Alice James, of Chestertown, Md., and Mrs. Lois Mazzuca, of Rolling Meadows, Ill.

Mrs. James, I understand you have driven from Chestertown to testify today, and we appreciate that. You can proceed as you wish, read your statement or summarize, however you wish to proceed.

STATEMENT OF ALICE JAMES, CHESTERTOWN, MD.

Mrs. JAMES. Mr. Chairman and members of the subcommittee, I am Alice James.

I appreciate the opportunity to appear before you to discuss the impact of the elimination of survivor benefits for college students. I shall read my testimony.

I teach in Chestertown, Md. English to the Kent School, and writing at Washington College, and am the widow of a scholar who taught at Washington College for 25 years. But it is not as an educator that I am here today; it is as the parent of four students aged 15 to 21. As a widowed parent I must convey to you the plight of not just my own children, but of thousands like them who may be unjustly deprived of the benefits their dead parents earned for them, the benefits which would enable them to contribute their talents and skills to our society.

Let me explain the impact of the cuts on my own family. My oldest child will graduate from college in May. Until recently she had expected to go on to graduate school, preparing herself for a career in teaching or a related field. As a result of the extraordinary stress the cuts will impose on our family, she is shelving her plans and looking for a job. I pray that she will find one. Her father earned his Ph. D. I have an M.A. You can imagine how I feel about this derailment of her professional goals.

My second child is in her second year of college; she too wants to be a teacher. In the next year her annual income from social security will be reduced 50 percent. This year she received 12 checks for $238. During her junior year she will receive eight checks for $178. Her financial planning was predicated on the continued availability of both social security benefits and guaranteed student loans. She is to lose $1,900 in social security, and perhaps $2,000 in loans. How shall we compensate for the loss of $3,900? Which of the other programs will cover our loss?

When she returned to college after Christmas she thought her funding would only be reduced by 25 percent of her annual total. I am ashamed to admit that although I have talked to her since this document arrived on Wednesday, January 27, I have not told her the enormity of her loss. We talked on her 20th birthday. She told me that she missed her father, that she needed him to give her a hug and say, "Your old man is proud of you." Which of you could have delivered another blow? What do you think I should say to her now?

My son is 17. He would be a senior in high school but for a back injury sustained in the spring of his sophomore year. It was misdiagnosed and mistreated for 4 weeks. Finally, he was hospitalized. After another week of painful testing and anxiety, the doctors discovered that their 15-year-old patient had ruptured a disc in his lower back. Summer study was not possible because of lingering pain and the distracting discomfort of a heavy brace. He needed to repeat his sophomore year. Consequently he is not among the high school seniors scrambling to enroll in college program before May 1.

Extend the deadline. Do all you can to help the multitude of youngsters who cannot help themselves. But even if the deadline is extended to June 1, my boy will be deprived of social security benefits for his college education. On the PSAT he scored in the 94 percentile. Which of you wants to tell him that his education is jeopardized by these cuts?

I must add that his hero is the late David K. E. Bruce, envoy to China, ambassador to many European countries, negotiator at the Paris peace talks. He wants to emulate that distinguished career of service to this country. Which of you wants to tell him that his country does not need his services?

And now my youngest daughter, at 15 an enthusiastic sophomore in a stiff college preparatory program. I worry that she will lose her motivation to excel. On the one hand, she knows that her father and I would want her to work as hard as she could to go on to the best college that would take her; on the other hand, she sees what the financial stress is doing to me. What can I do to assure

her that somehow we will find a way for her to pursue a career in architecture?

There are thousands of children like mine around the country. There are students who are asking for the benefits their dead parents earned for them. They are asking for help with their education in order that they may contribute to society, not become a drain on it. I wish their mothers could join me here, for I am a weak spokesman for a group of citizens with so few votes. I wish these students themselves could march on Washington and demonstrate outside your doors. But the administration has picked on a silent minority devoid of political clout.

Must I remind you that the GI. bill and other educational programs have proved that they are a wise investment that pays dividends through the increased productivity and wage-earning capacity of the recipient?

Must I remind you that responsible parents like my husband took the social security program into consideration when they examined their life insurance coverage? And just as they expected their insurance companies to honor their commitment to a prearranged program, so too they expected the Government of their country to honor its commitment. Because my husband and his employer were compelled to contribute to the social security program, he could not afford the additional life insurance that would otherwise compensate us for the loss of social security coverage.

Congress has robbed these children of the educational opportunities their parents earned for them. It has also robbed them of faith in their Government. I beg of you—restore their funding; restore their faith in their country.

Mr. SIMON. Thank you very much, Mrs. James, for an eloquent statement.

We will hear from Ms. Mazzuca, and ask questions of both of you.

Mrs. Mazzuca.

STATEMENT OF LOIS MAZZUCA, COLLEGE COUNSELOR, ROLLING MEADOWS HIGH SCHOOL, ROLLING MEADOWS, ILL.

Mrs. MAZZUCA. Thank you, Mr. Chairman. I appreciate the opportunity to come before this committee as the president-elect of the National Association of College Admissions Counselors, and also as a practitioner on the secondary level. I am employed as a college consultant in district 214 of Chicago. The district is comprised of eight high schools located in a middle-income community, and we have approximately 70 percent of our students who continue on to postsecondary education.

The first that I became aware of this new policy was in mid-December, when we all attended a financial aid seminar sponsored by ACTVSS and the Illinois State Scholarship Commission. Then notification came through the Congressman's letter which was dated January 12, and after that, newspaper articles that were sketchy at best.

My first concern to this policy is how is it going to affect the students that I am working with. We had a number of students who were obviously unhappy and disrupting courses that they were

taking in high school. You have situations where students who are enrolled as seniors who are meeting specific subject requirements for admissions purposes into a college or university, you had a number of students enrolled in advance placement courses hoping to prepare for an advanced placement test in May, and if they passed an advanced-placement test with a sufficient score they are going to receive college credit, thus saving time and saving money.

We also removed the students who were involved in spring sports. They had to make a decision as to whether or not they were going to stay participating and thus removing themselves from that recruiting season that is going to occur in the second semester. And you had that number of students that quite frankly were just not ready to leave high school and to begin that transition at this point in time. The students in question, right now from our district, are enrolled on a part-time basis at a community college, and what this system has done is created a catch-22 type situation. They had to disenfranchise themselves from their high school. They are enrolled in a community college, and a good percentage of them are enrolled in that community college for noncredit college courses, so in effect what we have said to these families is now you pay college-level costs, and all you are doing is completing high school course requirements. And we have not helped anyone. We have not helped that family. We have taken numbers out of the high school, and we certainly have not helped the college.

What happened in our district was that the secondary school counselor became the community resource person. And pardon me if you will, but I have to bring up a point that has been well spoken to this afternoon, and that is when we called social security offices, the responses that we received were, we do not know, we are not certain, or that we will be communicated with in late February or early March.

This policy fosters confusion and frustration. It created hardships. District 214 is an advanced and a professional district that in most instances can deal well with these types of situations. However, we found ourselves confused and frusrated, which brings me to the unique role that I play. I am involved both as a secondary school counselor and as a president-elect of a major educational association. The National Association of College Admissions Counselors' primary goal is to facilitate the transition from high school to college. NACAC represents over 3,000 major secondary and higher education institutions with a comprehensive geographical membership.

As I worked through the maze in my own district, I could not help but be concerned with what was happening across the country, what was happening in those districts that do not employ full-time counselors, what was happening in those districts that are phasing out counselors. We feel that an immediate and functioning association which could have eased the stress that students and their families have felt has been overlooked. One of our purposes is to disseminate information, and we would encourage the utilization of the resources available within the National Association of College Admissions Counselors.

We request that thorough consideration be given to all aspects of student financial assistance. Students and families are making de-

cisions based on financial plans. What has been done to date has been done quickly in an uncertain environment and not communicated very well. Give us the time to understand fully and communicate changes that affect plans of deserving students. The question before us is simply this: Will the students in this country continue to have the opportunity of access and choice?

Thank you, Mr. Chairman.

Mr. SIMON. Thank you very much.

[The prepared statement of Lois Mazzuca follows:]

PREPARED STATEMENT OF LOIS C. MAZZUCA, PRESIDENT-ELECT, NATIONAL ASSOCIATION OF COLLEGE ADMISSIONS COUNSELORS

To begin with let me say that the National Association of College Admissions Counselors appreciates the opportunity to come before this committee to share some thoughts, concerns, and insights pertaining to the issue of Social Security benefits. I come before this committee as the President-Elect of the National Association of College Admissions Counselors and also as a practitioner on the secondary level.

The newest of the modified policies indicates that student benefits will not be eliminated until May 1982. Seniors in high school or students enrolled in G.E.D. programs who have been receiving Social Security Children's Benefits as of August 1981 still have time to qualify for student benefits for post-secondary school on a full time basis by May 1982. This resulted in many students changing educational plans and entering college second semester this year rather than the fall of '82 as planned.

I am a College Consultant in a high school district in the Northwest Suburbs of Chicago. The district is comprised of eight high schools located in middle income communities. Seventy percent of our students continue to post-secondary education.

The first that I or any of the colleagues in the district were aware of this modified policy was at a Financial Aid Seminar in December. The Seminar was sponsored by A.C.T. College Scholarship Service and the Illinois State Scholarship Commission. The next information was in an article in a local suburban paper in January.

My immediate concerns were how this modified policy would affect the long term and ready-to-be-implemented plans of our seniors. As a starting point the students in question were most unhappy at the thought of leaving high school and interrupting the flow of high school courses. These students found themselves in many instances needing more time to finalize decisions. Some students were mid-point in advance placement courses and would not have the benefit of course completion before taking Advance Placement Exams. Advance placement credit in college affords youngsters the benefit of college credit, thus saving both dollars and time. Other students faced choices of not having the opportunities for spring sports programs, thus removing themselves from spring recruiting. Others simply needed more time to complete that smooth transition from secondary to post secondary education.

The students in question are, in part, enrolled at our local community college. The students have not been graduated from high school but have had to break off all relations with the high school. Some of the students, while enrolled in the community college, are taking courses and not receiving any college credit but rather completing high school graduation requirements. This means that in some instances a full semester of time and money is being expended to meet high school graduation requirements. The student is paying college cost, the high schools have lost revenues by losing students in an era of declining enrollments, colleges are teaching non-college courses, and the family is in essence paying more dollars for education. The modified policy has not benefited the student, the school, or the family.

What happened in the district was that the secondary school counselor became the community resource person. The newspaper articles were sketchy at best. Numerous calls to Social Security Offices produced responses that went from, "We do not know," "We are not certain," to "We will communicate that information in late February."

This newest modified policy fostered confusion and frustration. It created hardships, especially to the lower income families and the "new needy" $20,000–$30,000 a year families. Families were faced with the prospect of losing their Social Security benefits immediately or altering plans on a short term basis. With the economic climate being what it is today, it is almost an impossible task to find part time jobs to supplement income.

District No. 214 is an advanced and professional district that in most instances can deal quite well with these types of situations. However, we found ourselves confused and frustrated, which brings me to the unique role that I play. I am involved both as a secondary school counselor and as a president-elect of a major educational association. The National Association of College Admissions Counselors primary goal is to facilitate the transition from high school to college. NACAC represents over 3000 members of both secondary and higher education with a comprehensive geographic membership. As I worked through this new maze, I could not help be concerned with my own students, but as President-Elect of NACAC the ramifications became even more apparent as to what was occurring throughout the country, especially in those districts that do not employ full time counselors or those districts phasing out counselors. District No. 214 has the resources to service the needs of our students' families. Not all school districts are in a similar position.

In effect what we are discussing today is that the system has created its own catch 22 for students at a normally crucial time in their lives—the time of transition!

We feel that an immediate and functioning association which could have eased the stress that students and their families have felt has been overlooked. One of our purposes is to disseminate information, and we would encourage the utilization of the resources available within the National Association of College Admissions Counselors.

We request that thorough consideration be given to all aspects of student financial assistance. Students and families make decisions based on financial plans. What has been done to date has been done quickly, in an unclear and uncertain environment and not communicated very well. Give us time to understand fully and communicate changes that affect plans of deserving students—the future leaders of this country. The question before us is simply this—will the students in this country continue to have the opportunity of access and choice?

Mr. SIMON. Mrs. James, in your statement, and we really appreciate that statement, too, you speak for a great many people. There are people who, difficult as your circumstances are, have circumstances even more difficult. You happen to be a person of above-average ability. For example, in my district a woman who is working for a minimum wage in a dress factory with your same family, How would that widow make it under similar circumstances?

Mrs. JAMES. She has all my sympathy. Frankly, I do not see how she could make it. Social security is the mainstay for most of these families, and I think that the great pity is we had faith in it. Our husbands planned on it. We told our children that they could count on it, and we have been led astray.

I might add that you are complimentary about my capacity, but as a teacher at a small private school, my salary is very slim. I augment it by doing part-time work at the local college, and I feel that I am lucky to be able to handle things as well as I have handled them. This is a monkey wrench I did not expect.

Mr. SIMON. We thank you, and if I can just add, I cannot believe we are going to make a better, finer America by depriving your children or other children of the chance to do their best in higher education.

Mrs. Mazzuca, where did you first hear about the change in social security?

Mrs. MAZZUCA. At a financial aid seminar at Harper Community College on December 10.

Mr. SIMON. So, that all these——

Mrs. MAZZUCA. Put on by agencies, by the way, outside of social security.

Mr. SIMON. You were here when the social security people testified, and they talked about people learning it through the newspa-

pers and everything else. If you are a counselor, you can imagine how most people find out about these things.

Mrs. MAZZUCA. Well, the concerns are not only did I not find out about this as a practitioner, but as I indicated I am here representing a major educational association in this country. That association was not aware of anything that was going on. So, we are dealing on different levels here. We are dealing with associations, and we are dealing with, again, those of us who are in the trenches implementing what is coming down the line.

Mr. SIMON. Mr. Kildee?

Mr. KILDEE. Thank you, Mr. Chairman. This is my 18th year in public service. I, too, taught school before I got into this. This past year has been the saddest of those 18 years. I could not believe what happened to the funding of education and social programs last year, but it is—incredible as it is, it is a fact. I cannot believe that Congress allowed that real breach of trust. The Federal Government has a contract with the American people and we allowed it to be violated.

I am for fully restoring social security student benefits, but the realities being what they are, that will not prevent me from cosponsoring legislation to delay its elimination.

Since 1965 children from families with a deceased parent have been financially able to attend college. That was some consolation to them. Children felt that was something that the father had been able to leave them. It was a nice nexus between that departed parent and the child. Now the administration has cruelly withdrawn this.

This bespeaks a strange arrangement of priorities. In the first session of this Congress we took away that program—over my opposition—but the same Congress, and I am angry over this—gave $12 million back to the oil companies which they had not even thought to ask for. That was done in the closing days of the bidding war on the tax bill.

Just last week we celebrated the 100th birthday of a hero of mine, Franklin Roosevelt. Roosevelt said the function of Government is not to add to those who have much, but to assist those who have too little. Congress went contrary to that this past year by giving money to giant corporations, and taking money away from children who wanted to go to college. If we in Government are not outraged over that, and if you are not outraged over that, we will be ineffective.

You see, I cannot completely, like Pilate, wash my hands of all responsibility and merely say I voted no.

The one agency, the one instrumentality that is designed to serve all the people and to arrange the conflicting wishes of the people is the Government. The Government failed to do that last year, and all of us in Government must accept some responsibility for its failure. It is a moral outrage, and I cannot wash my hands and feel just because I voted no that I have done all I can do.

In the case of your children, it is going to be very difficult. I think Mr. Williams has a bill to restore benefits for the children of those who have been paying into the program since 1965. That would, certainly, be better than the current situation. I think we should not have eliminated the program at all. I hope we can do

something to assist some students who would have qualified but it is going to be a tough battle.

This committee does not have primary jurisdiction over the social security student benefits program. We have a peripheral jurisdiction, but a very substantial concern. The Ways and Means Committee has the primary jurisdiction. Those of you who have suffered because of things that happened last year have to let your outrage be known. We are told that we must be seekers after justice, and if so, we have an obligation to pursue our own justice for ourselves and our children.

Thank you, Mr. Chairman.

Mr. SIMON. Thank you, Mr. Kildee, and we thank you, Mrs. James, and Mrs. Mazzuca.

I wish all of our colleagues, could have heard your testimony because I am proud of our Government, but I am not proud of what we have done to you and your family and tens of thousands of families like yours. I hope we can change it.

We thank you very much.

We will also, I might add, forward the testimony for today's hearing to the Ways and Means Committee so that they can examine it.

Our final witness is Dr. Hoke Smith, president of Towson State University, accompanied by a student, Jacqueline Arrington, and Herman Davis, director of financial aid at Montgomery College in Rockville, Md.

You can introduce your students, if you will. We will hear from Dr. Smith first.

STATEMENT OF DR. HOKE SMITH, PRESIDENT, TOWSON STATE UNIVERSITY, TOWSON, MD., ACCOMPANIED BY JACQUELINE ARRINGTON, STUDENT, TOWSON STATE UNIVERSITY

Mr. SMITH. I am Hoke Smith of Towson State and this is Jacqueline Arrington, a student at Towson State, a junior majoring in education.

I have a statement plus a supplementary statement prepared which I will leave for the record.

Mr. SIMON. We will enter those for the record and you may proceed.

Mr. SMITH. As I have listened to the discussion, I think there are both short-term problems and long-term problems. The short-term problems are information and access.

I would say there is very little information among our students. We have enrolled 17 students from high school early so they would be eligible but the information has not been general and has not come through our financial aid office. I would say that there is a great deal of information lacking and that it will undoubtedly affect access.

We have about 370 students receiving social security. About 30 percent of those receive some other form of Federal aid.

We anticipate about 100 students will be affected next year by the cut in social security. I, like many others, probably did not pay sufficient attention to the cut in social security because I did be-

lieve that many of the needy would be picked up by other need-based programs.

The cuts in need-based programs subsequent to that have obviously eliminated that hope or greatly reduced it.

All in all, we think that approximately 1,000 students will be affected next year. We have an enrollment of 15,000. We think 1,000 will be affected by various forms of cuts. I am predicting that we will have approximtaely 400 fewer students who otherwise would have been there although it is very difficult to tell whether we will pick up some from the private schools while we will lose some to the community colleges.

I would like to read the rest of the statement because I switch voices a little bit.

I do think the current Federal policy is threatening the access to higher education which has been developed since World War II. It is truly a counterrevolution which affects the academic research base of our Nation's economy.

It seems to me counterproductive to advocate economic development while wiping out the technological and academic base which we have seen undergirds our technological and democratic society. Not only does higher education foster economic competence, but it also fosters support of the democratic ideals.

I think that the works of Howard R. Bowen and Alexander Astin have demonstrated these accomplishments.

I wish to add a few words as a parent of a high school senior. I have attempted to plan for the education of my children. My last one is graduating from high school this year.

As a part of that planning, I have combined insurance with the coverage offered through the social security program. If I were to die now, the portion of my son's education which I had planned to have paid by social security would not be available to him.

In other words, the Government has without any warning changed the basis upon which I, and I believe other prudent citizens, have planned their lives. It has done so without offering any opportunity for adjustment of personal financial plans.

Personally, I can adjust by taking extra insurance, if I am still insurable, or by some other means. However, if I were dead, it would not be possible.

I believe that one of the highest values in all of culture is the promise made by the living to the dead to care for their children and to see that they are raised to a position of adulthood in society. This is what we collectively have covenanted with each other through the social security program.

Now, the Federal Government unilaterally, suddenly, and without any apparent concern for the violation of this covenant, has broken this collective promise to those who have died. Their children will no longer receive the support which was promised. And the parents obviously are in no position to do anything about it.

I believe that this action mocks the rhetoric of a return to traditional American values. It violates our political contract for the mutual benefit of society and the maintenance of domestic security and tranquility.

It provides little assurance that our Government will abide by its promises to its citizens—promises upon which they plan their lives.

If our Government violates its contract in this way, what assurance do we have that it will honor its commitments for disability payments under social security or, indeed, that social security, which is built in as an essential element of many pension plans, will fulfill its promises.

Therefore, I recommend this committee give serious consideration to attempting to influence the form which the cutoff of social security takes. I say this as a parent and as a citizen, not as a college president.

I would suggest that instead of cutting off benefits for dependents entering institutions this year, the eligibility for benefits instead be geared to the time of the death of the covered individual.

If this were to be made effective next January, it would mean that we would not achieve the instant cuts in social security which this approach will accomplish but that eventually we will have eliminated this drain on the budget. But more important, we will have kept faith with our fellow citizens.

If in view of the extreme financial problems facing the Federal Government it is deemed that this cannot be done, I would suggest that a low interest loan fund be created to equal the amounts which recipients would have otherwise achieved. This will have a long-term effect of not increasing the national debt significantly while honoring the commitment to provide financial support for these students.

I recognize, along with many of my fellow citizens, that steps must be taken to minimize and control Federal expenditures. Perhaps from an institutional viewpoint, social security is not as effective as the basic oportunity grants or other need-based programs.

However, as I thought about this problem, I became convinced that, as important as access to education is, it is of secondary importance to that of honoring our national commitment to our young people in the event of the death of a supporting parent, for this commitment was made to those who no longer can take any action of protection or repudiate our promise.

There is an additional paragraph which one of my staff indicated I should take out. They thought it was extreme. But as I searched in my mind for the equivalent of what I believe is a moral error taken in a time of national emergency, because it seemed to be the only thing to do, the only equivalent that I could come up with was the internment of the Japanese Americans of World War II.

I think that was recognized as a moral error and I think this one will be too.

With that I will ask Jackie if she has any comments about the effect of this on her situation.

[The prepared statement of Hoke Smith follows:]

PREPARED STATEMENT OF DR. HOKE L. SMITH, PRESIDENT, TOWSON STATE UNIVERSITY, TOWSON, MD.

My name is Hoke Smith; I am President of Towson State University in Towson, Maryland. Towson is a public comprehensive university enrolling approximately 15,000 students.

I am pleased to have this opportunity to present my views concerning the recently mandated cuts in social security benefits for students attending institutions of higher education. To provide continued access for these students typifies the serious problem which confronts the higher educational system and which seriously threat-

ens the twin goals of access and choice which we as a society have worked long to establish. Although my institution is less dependent upon federally-funded financial aid than most other institutions in our state, both our students and the institution itself will be seriously damaged by cuts in their social security benefits.

This year we have approximately 370 students receiving social security benefits. Of these approximately thirty percent receive some other type of federal aid. In addition, we made 1683 Pell Grants, 194 College Work-Study Grants, 706 NDSL Loans, 557 SEOG Grants, and 2200 GSL/FISL Loans. With the exception of College Work-Study and NDSL Loans, all of these were slightly smaller than the preceding year. In the view of our Director of Financial Aid, we did not have adequate funds in relation to the need in any of these programs and had a great deal less than needed in College Work-Study and SEOG.

We estimate that approximately 100 new students would attend Towson State University utilizing social security benefits in the coming year. As a result of publicity in our area, approximately 17 high school students have already enrolled this semester under our early admissions policy in anticipation of social security cuts. Depending upon the economic needs of the balance of the incoming students, we obviously are not in a position to supplement or replace these cuts by other federally-funded financial aid programs. A 25 percent cut in Pell funds would affect 420 students; 25 percent in CWS would affect 48; 35 percent in new NDSL funds would affect 247; while a cut of 42 percent in SEOG funds would affect 233 students.

In summary, the social security cuts coupled with other projected cuts in financial aid may affect slightly over 1,000 students. At this point, I cannot say whether this would keep these students from attending college. I can tell this committee that I am anticipating that we will have approximately 400 fewer students on campus due to cuts in financial aid.

Current federal policy is threatening the concept of access to higher education which has been developed since World War II. It is truly a counter-revolution which affects the educational and research basis of our nation's economy. It seems to me counter-productive to advocate economic development while wiping out the technological and educational base which we have seen undergirds our technological and democratic society. Not only does higher education foster economic competence, but it also fosters support of the democratic ideals. I think that the works of Howard R. Bowen and Alexander Astin have demonstrated these accomplishments.

I wish to add a few words as a parent of a high school senior. I have attempted to plan for the education of my children. My last one is graduating from high school this year. As a part of that planning, I have combined insurance with the coverage offered through the social security program. If I were to die now, the portion of my son's education which I had planned to have paid by social security would not be available to him. In other words, the government has without any warning changed the basis upon which I, and I believe other prudent citizens, have planned their lives. It has done so without offering any opportunity for adjustment of personal financial plans. Personally, I can adjust by taking extra insurance, if I am still insurable, or by some other means. However, if I were dead, it would not be possible.

I believe that one of the highest values in all of culture is the promise made by the living to the dead to care for their children and to see that they are raised to a position of adulthood in society. This is what we collectively have covenanted with each other through the social security program. Now, the federal government unilaterally, suddenly, and without any apparent concern for the violation of this covenant, has broken this collective promise to those who have died. Their children will no longer receive the support which was promised. And the parents obviously are in no position to do anything about it.

I believe that this action mocks the rhetoric of a return to traditional American values. It violates our political contract for the mutual benefit of society and the maintenance of domestic security and tranquility. It provides little assurance that our government will abide by its promises to its citizens—promises upon which they plan their lives. If our government violates its contract in this way, what assurance do we have that it will honor its commitments for disability payments under social security, or, indeed, that social security, which is built in as an essential element of many pension plans, will fulfill its promises.

Therefore, I recommend this committee give serious consideration to attempting to influence the form which the cut off of social security takes. I say this as a parent and as a citizen, not as a college president. I would suggest that instead of cutting off benefits for dependents entering institutions this year, the eligibility for benefits instead be geared to the time of the death of the covered individual. If this were to be made effective next January, it would mean that we would not achieve the instant cuts in social security which this approach will accomplish but that eventually

we will have eliminated this drain on the budget. But more important, we will have kept faith with our fellow citizens.

If in view of the extreme financial problems facing the federal government it is deemed that this cannot be done, I would suggest that a low interest loan fund be created to equal the amounts which recipients would have otherwise achieved. This will have a long-term effect of not increasing the national debt significantly while honoring the commitment to provide financial support for these students.

I recognize, along with many of my fellow citizens, that steps must be taken to minimize and control federal expenditures. Perhaps from an institutional viewpoint, social security is not as effective as the basic opportunity grants or other need-based programs.

However, as I thought about this problem, I became convinced that, as important as access to education is, it is of secondary importance to that of honoring our national commitment to our young people in the event of the death of a supporting parent, for this commitment was made to those who no longer can take any action of protest or repudiation of our promise.

PREPARED STATEMENT OF AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES TO ACCOMPANY TESTIMONY BY DR. HOKE SMITH, PRESIDENT, TOWSON STATE UNIVERSITY, TOWSON, MD.

STATEMENT ON SOCIAL SECURITY STUDENT BENEFITS

The American Association of State Colleges and Universities (AASCU) very much appreciates this opportunity to present a statement on the issues involved in the phase-out of Social Security student benefits.

There are several separate issues as we see them:

1. Are students who now receive these benefits receiving adequate notification that their benefits will be sharply cut starting this summer?

2. Are high school seniors, who would have been eligible for up to four years of benefits, and their families receiving adequate notification that their eligibility ends May 1, 1982?

3. What are the possibilities of retaining eligibility for high school seniors enrolling in college before May 1st?

4. The "August 1981" question.

5. Can other federal student aid make up for the losses in SSA benefits?

1. *Notification to those now receiving aid.* We have been informed by the Social Security Administration that such students will be notified in late February or early March. We believe that this is not adequate notice, since students will receive no aid for the four months of May, June, July, or August—one-third of the entire previous benefit—and benefits will be further reduced 25 percent per month in the fall. Many students will need to apply for additional federal, state, or institutional aid, or change their college plans. Other federal student aid is being cut back sharply, and students who apply late may not receive it at all. Many states may also cut back on state student aid.

We believe that all these students should have been informed by SSA last fall.

2. *Notification to high school seniors.* We are informed that SSA does not plan to notify these students or their families at all, until five months before their 18th birthday, and then only by the roundabout process of asking them to report college plans, and *then* getting in touch with them by an office visit or phone call (according to SSA).

The Social Security Administration says last September 1,300 district offices received materials for release to the media on these changes. However, since our own organization began to publicize this issue in December, we have received dozens of phone calls from colleges, high schools, the media, state officials, and distraught parents from all over the country saying that they know nothing about this.

Similarly, the offices of members of Congress who sent out mailings, such as Representatives Peter Peyser and Thomas Downey, report phone calls and letters from a great many people. The professional organizations which represent high school and college guidance counselors also report that no one seems to know about this matter.

In other words, the SSA media campaign was a failure. The correct thing to do would have been to send a notification with the monthly check early last fall.

3. *High school seniors enrolling in college.* As word about the termination of benefits finally got attention in December, some high school seniors have managed to enroll in college before May 1st, or are making plans to do so. Some have been able

to make arrangements to complete their high school work at the same time. Others may be able to do so next summer, or take an equivalency examination.

Many people were unaware that some colleges, notably community colleges, but some four-year institutions as well, will enroll students who have not completed their diplomas, under certain circumstances. Most educators would feel that this is not an ideal arrangement. However, it is the only way students can retain their SSA benefits.

There is an obvious inequity, however, since students in certain states, such as parts of Maryland, New York, and Michigan, appear to be taking advantage of this possibility, while those in other states may not hear of it, or may find high schools and colleges uncooperative.

4. *The "August 1981" question.* A technical, but important issue has been brought to my attention by the Director of Student Financial Aid at Williams College in Massachusetts. A student at that college had received SSA student aid his freshman and sophomore years. He dropped out to work the first semester of his junior year, which was the fall of 1981. On returning the second semester, he was informed by SSA that under the law, since he was not actually receiving the SSA benefit in August 1981, he had lost all eligibility for further aid. He was, of course, not aware of this when he dropped out, nor was the college. The SSA did not notify him.

The director went to both the district and national offices of Social Security and was told that the student had lost all benefits. There reasoning is that one condition for receiving the benefit is to have been "entitled to" it for August 1981. SSA defines "entitled to" as actually receiving the benefit.

There seems no reason in law or logic for this definition of "entitled to." It is likely that other students in a similar situation have lost all remaining benefits, if this interpretation is upheld. I also do not believe it was the intent of Congress to take benefits away under these circumstances. I would therefore urge members of Congress to request further clarification of this interpretation.

(The statutory reference here is in the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, Title XXII, Section 2210(b)(1)(c).)

5. *Is other student aid available?* When the administration recommended in 1981 that the SSA student program be terminated, they took the view that there was enough other federal student aid to take care of those in need. This was completely untrue. For example, the Congressional Budget Office estimated that the administration would save about one billion dollars in fiscal year 1982 by phasing out the program, but would only have to spend an additional $25 million in Pell grants to make up the loss! (An Analysis of President Reagan's Budget Revisions for fiscal year 1982, March 1981.)

Students would lose about a billion dollars in aid the first year, aid which would not be made up, in part because the SSA and Pell grant formulas are entirely different. Studies have shown that most students who have received aid under the program are from lower-income families; about 20 percent are black. For many students, the Social Security program has been their only chance for college.

Further, the administration has cut back the Pell program and other aid very sharply in the fiscal year 1982 continuing resolution, and is planning much deeper cuts for fiscal year 1983. It is by no means certain that either present SSA beneficiaries or those who would have entered the program, will have enough funds for college, unless Congress reverses administration plans to cut student aid further, or possibly end it altogether.

We believe special thanks are due to Congress for holding these hearings to try to get the attention of the American people focused on these issues. Thanks are also due to many individual Congressmen—to Representatives Paul Simon and Carl Perkins for asking SSA to notify current beneficiaries as soon as possible, to Representative Dan Rostenkowski for suggesting that SSA notify all high school seniors, to Representative Peter Peyser for sending out a national mailing to high school counselors, and to Representative Downey, Senator Carl Levin, and others who have tried to notify people in their states and districts.

Mr. SIMON. Thank you. We will be happy to hear from you now.

STATEMENT OF JACQUELINE ARRINGTON, STUDENT, TOWSON STATE UNIVERSITY

Ms. ARRINGTON. I expected to receive social security throughout my college education. My father expected it before he died. He paid

into it like many men and women today and expected his daughter to be able to continue her education.

Instead of receiving social security I thought I could get the basic opportunity grant. But now that seems to be getting cut. So I am just going to have to find a job during the winter which I don't want to do because I did it last winter and my grades fell. I really think that I want to direct myself totally to my education.

I discussed the whole situation with my mom, who I live with, and she is going to have to find some extra work somewhere or work overtime at her job.

I just feel it is totally unfair to a student whose parents died and the parents that died who expected their children to be taken care of by the Government, I don't know how I am going to be able to continue school. It is going to be hard because I am going to have to cut a lot of expenses.

As was said previously, I did not receive any notification. I did not know about the cuts until last month. A news reporter called me and informed me. I heard bits and pieces from different people and I thought I should have been notified before so I could have made plans to try to save a little bit more or put a little more away for college for my education, for books and so forth.

I also feel that it should be reexamined so students can continue school.

I just want to say that thank goodness I live with my mother. For the students that don't live with their parents they cannot continue school and I just hope they find other ways to do it.

Thank you.

Mr. SIMON. What year are you in school?

Ms. ARRINGTON. I am a junior.

Mr. SIMON. We thank you very, very much.

Mr. Herm Davis from Montgomery College.

STATEMENT OF HERM DAVIS, DIRECTOR OF FINANCIAL AID, MONTGOMERY COLLEGE, MONTGOMERY COUNTY, MD., ACCOMPANIED BY GINGER ACKERMAN, STUDENT, GEORGE MASON UNIVERSITY

Mr. DAVIS. Thank you, Mr. Chairman, and members of the subcommittee.

I brought with me today a student from George Mason University who has actually recently experienced what we are going to be talking about in a few minutes. She had to withdraw from high school to start attending college before the social security program cutbacks.

I appreciate this opportunity to present the views of the American Association of Community and Junior Colleges regarding the payment of social security benefits attending postsecondary education.

I am Herm Davis, director of financial aid at Montgomery College. We have been severely impacted by the social security program cutback.

This testimony is submitted regarding the cancellation of social security benefits for individuals who would normally receive these benefits as college students beginning in the fall of 1982. It is re-

stricted to discussing the limited information and the communication process that the Social Security Administration failed to use.

As you are aware, we are addressing the college financial needs of over 100,000 students who are now completing their senior year in high school.

As of this date, unless these students were nearing their 18th birthday, they have not been notified officially regarding the status of the elimination of their benefits.

As a matter of fact, there have been no bulletins submitted to high school counselors or college representatives regarding this problem.

For example, at Montgomery College the only official documentation we have received is one that we requested. It turned out to be a Social Security Administration paper dated November 1981 that we received in the middle of December.

This document clarifies the issue and the problems but the question remains, why was a document of this nature not submitted earlier to the 100,000-plus students that its instructions ultimately affect?

This is the main question being asked by students as well as their parents. They feel that there was only limited time to react to the elimination of social security benefits and this time was not used to promptly and properly notify them.

Inquiries were made at the regional office of the Social Security Administration to ascertain when notifications to the students and their parents would be sent.

The response that we received indicated the students would be notified by the middle or late February of the new guidelines and restrictions.

By the way, this is a part I don't think has been brought up yet about the deadlines that are involved at the institutional level as well as the State level.

These students, by the time they find out about the restrictions, the time that will be needed will be past the deadlines.

College officials throughout the United States have been beseiged with inquiries regarding the loss of benefits. Unfortunately, the few press releases that were printed stated that students "enrolled" in college by May 1982 would be eligible for social security benefits for the fall of 1982.

"Enrolled" was interpreted by many people to mean "admitted" to an institution but not necessarily in attendance by May 1.

The meaning of the word "enrolled" has created problems for the colleges and students because social security officials are now interpreting this to mean "admitted and in full-time attendance."

It is probable that many high school students are still making plans with this incorrect definition in mind.

To complicate the problem further, some high school recipients of social security benefits who will start college classes in the fall of 1982 believe they are automatically eligible to attend college and receive social security benefits because they will not be 18 until after the fall term begins.

To help resolve these issues in a fair and equitable manner to students and their parents who have invested in social security, and through no fault of their own are losing this important benefit,

it is the recommendation of the American Association of Community and Junior Colleges that the May 1982 deadline be moved back to September 30, 1982 and that the Social Security Administration be instructed to notify all eligible students and their parents immediately.

And in that respect I would like to share the concerns and with your permission, Mr. Chairman, to ask Ginger if she could share with you some of her problems that she has gone through.

[The prepared statement of Herm Davis follows:]

PREPARED STATEMENT PRESENTED BY HERM DAVIS, DIRECTOR OF FINANCIAL AID, MONTGOMERY COLLEGE, MONTGOMERY COUNTY, MD.

Mr. Chairman and members of the subcommittee, I appreciate this opportunity to present the views of the American Association of Community and Junior Colleges (AACJC) regarding the payment of Social Security benefits to students attending postsecondary institutions. I am Herm Davis, Director of Financial Aid at Montgomery College in Montgomery County, Maryland.

This testimony is submitted regarding the cancellation of social security benefits for individuals who would normally receive these benefits as college students beginning in the fall of 1982. It is restricted to discussing the limited information and the communication process that the Social Security Administration failed to use.

As you are aware, we are addressing the college educational needs of over 100,000 students who are now completing their senior year in high school. As of this date, unless these students were nearing their 18th birthday, they have not been notified officially regarding the status of the elimination of their benefits. As a matter of fact, there have been no bulletins submitted to high school counselors or college representatives regarding this problem. For example, at Montgomery College the only official documentation we have received is one that we requested that turned out to be a Social Security Administration paper dated November, 1981 that we received in the middle of December. This document clarifies the issue but the question remains, why was a document of this nature not submitted earlier to the 100,000 plus students that its instructions ultimately affect? This is the main question being asked by students as well as their parents. They feel that there was only limited time to react to the elimination of Social Security benefits and this time was not used to promptly and properly notify them.

Inquiries were made at regional offices of the Social Security Administration to ascertain when notifications to the students and their parents would be sent. The response that we received indicated the students would be notified by the middle or late February of the new guidelines and restrictions. Because of this a large number of these students will not only lose their Social Security benefits, it will be too late for them to apply for institutional and state aid programs.

College officials throughout the United States have been besieged with inquiries regarding the loss of benefits. Unfortunately, the few press releases that were printed stated that students "enrolled" in college by May, 1982 would be eligible for Social Security benefits for the fall of 1982. "Enrolled" was interpreted by many people to mean "admitted" to an institution but not necessarily in attendance by May 1. The meaning of the word, "enrolled", has created problems for the colleges and students because Social Security officials are now interpreting this to mean "admitted and in full-time attendance." It is probable that many high school students are still making plans with this incorrect definition in mind.

To complicate the problem further, some high school recipients of Social Security benefits who will start college classes in the fall of 1982 believe they are automatically eligible to attend college and receive Social Security benefits because they will not be 18 until after the fall term begins.

To help resolve these issues in a fair and equitable manner to students and their parents who have invested in Social Security, and through no fault of their own are losing this important benefit, it is the recommendation of the American Association of Community and Junior Colleges that the May, 1982 deadline be moved back to September 30, 1982 and that the Social Security Administration be instructed to notify all eligible students and their parents immediately.

Mr Chairman, thank you for the opportunity to testify before this Subcommittee.

Mr. SIMON. I would be very pleased. If you can move that microphone and you can give us your name and tell us your story.

STATEMENT OF GINGER ACKERMAN, STUDENT, GEORGE MASON UNIVERSITY

Ms. ACKERMAN. My name is Ginger Ackerman and I am a student at George Mason University at present.

In order to continue receiving social security benefits I left high school 2 weeks ago. I was not notified by the Social Security Administration. My high school was not notified either.

Fortunately, I was in the library and I picked up some pamphlets and I found out that the social security laws were changing. This was in November. So I had time to apply to college and get accepted.

But I don't think it is very fair that we were not notified. Because if I had not by accident been in the library and found out from these pamphlets, I may not have been in college and then I would not be able to receive these benefits.

Mr. SIMON. May I ask you this: Without your social security benefits, would you still be going to college?

Ms. ACKERMAN. No. I was depending upon using this money to continue my education.

Mr. SIMON. I am afraid your response is the response of a great many people.

Mr. Kildee?

Mr. KILDEE. Thank you, Mr. Chairman.

I wish to thank the witnesses. I wish I had a remedy I could apply right now. I wish that the group that brought us the reconciliation bill last summer had had hearings like this before they brought us that nefarious document.

And again I say, the fact that I voted against it does not really completely exonerate me because we failed. We really failed.

I don't think that over there in the Office of Management and Budget where this plot was hatched, that they really did anything but talk to one another.

I think these two young ladies today could have given them more wisdom, certainly would have given them more wisdom than the wisdom that they were able to glean talking to one another at OMB.

This really was a breach of faith, a breach of trust. The parents' part of that contract, they have been let down and the children that they were planning to have educated have been let down.

And I just wish that in the future OMB might reach out beyond the confines of that building to people whose lives are touched by legislation and last year's unorthodox legislative process.

That does not give you much help. And I have an enormous feeling of frustration when I recognize that people's lives have been touched very negatively by the actions of our Government.

The only thing I can say is that it is the only government we have. We have got to try to make it work and if anything, renew our commitment to try to make this Government work and work in a lot better fashion than it did last year.

Thank you, Mr. Chairman.

Mr. SIMON. Thank you, Mr. Kildee.

Let me just add, we have something else hanging over us. I read the statistics for a few States of my colleagues. For the State of

Maryland you will go from 42,245 Pell recipients in academic year 1980-81 to 24,080 in 1983-84 if the administration's requests are agreed to. On the campus-based program, NDSL, college work study and so forth, you will go from 25,010 recipients to 9,933. And when you add to this the social security question, we are talking about something that can have a major impact, not only in your institutions but on this country.

And I think, Dr. Smith, you hit it when you say we are faced with a moral question here and I hope we come up with the right kind of answers, responsible answers.

We will leave the record open 4 or 5 days. Representative Mottl from Ohio wishes to enter a statement and other Members may also. We may all wish to submit some questions in writing to the four of you and if you don't mind responding so we can enter those in the record also.

We thank you very much and the subcommittee meeting stands adjourned.

[Whereupon, at 4:20 p.m., the joint hearing was adjourned.]

[Material submitted for inclusion in the record follows:]

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C., January 29, 1982.

MS. MARY GAUDIOSO,
Rochester, N.Y.

DEAR MS. GAUDIOSO: Thank you for your recent letter expressing concern about the effects of further Federal student aid cutbacks recently proposed by President Reagan, particularly as this relates to cutbacks in student Social Security benefits.

I wanted you to know that I agree fully with your concerns. Please be assured that I will do everything I can to maintain at least the present levels of support for Federal student aid in general, and will certainly resist any attempts by the President to cut back further on these important programs.

Relative to Social Security benefits in particular, the phasing out of these benefits will certainly impact on other student aid programs, and this is a subject to be considered in hearings next week being held by our Subcommittees on Postsecondary Education and Elementary, Secondary and Vocational Education. Your comments are therefore most timely, and I am forwarding them to the Subcommittees so they will be aware of your recommendations also.

I appreciate your writing.

Sincerely,

CARL D. PERKINS,
Chairman.

ROCHESTER, N.Y., *January 22, 1982.*

Hon. CARL D. PERKINS,
House of Representatives,
Washington, D.C.

DEAR SIR: My brother and I are two "victims" of the President's recent budget cuts. The great reductions in our survivor benefits and a change in the Guaranteed Student Loans program have made it virtually impossible for either of us to complete our college educations.

Ten and a half years ago my father died suddenly. He was survived by my 51 year old mother and three children, ages fifteen, nine, and seven. Both of my parents had worked well over the required forty quarters under social security, so my family started receiving S.S. benefits. My older brother chose not to go on to college after high school. My younger brother and I were honor students in both grammar and high school, so we had planned to go on to college.

I am presently a sophomore in college. My brother, valedictorian of his high school senior class, will become a college freshman in January. He has left high school a semester early in order to continue collecting S.S. benefits while he is in college. Supplemental social security benefits for college students were cut from the

budget last August and will become effective in July. Students may retain these benefits, at a reduced rate, if in attendance, full time, in college before may 1982. The benefits for the four summer months will be eliminated and each October 25 percent will be cut from the remainder of the student's benefit.

I understand that because social insurance systems are not contractual in nature, the President had the legal right to reduce and eliminate our benefits, though I do not agree with his actions. Is it morally correct to dangle the carrot of higher education in front of our noses for over ten years and then yank it cruelly away without any warning? My brother and I both geared our high school curriculums towards preparation for college. We worked diligently to achieve high scholastic records and we both earned college credit while still in high school. I find it quite ironic that a man who had never received anything higher than a "C" in high school or college can suddenly tell us that we are no longer entitled to a college education. Included in President Reagan's recent address to the elderly at the Conference on Aging, he stated that "we (the government) can no longer afford to educate the children of rich and affluent families." If this was his true aim, then why didn't he implement legislation to do solely this?

Supposedly, students from families with an adjusted gross income under $30,000 are automatically eligible for Guaranteed Student Loans, but because of a change that the President has made in the program, it is now virtually impossible for students receiving S.S. benefits to get adequate loans, or loans at all. S.S. benefits are now classified as financial aid, therefore, we supposedly have sufficient funds to pay for our educations. Why did the President make this change? The only logical explanation that I can think of is that the President would like to force most students receiving S.S. to forfeit their benefits before the program is terminated in 1985. I would also like to know how we're supposed to pay our tuition bills before the semester begins when the S.S. we're supposed to use for tuition comes throughout the semester?

Presently I have a $2,000 Guaranteed Student Loan. I acquired this loan before I had knowledge of the cut in S.S. or the change in the loan program. At the time, I took it for granted that I would be able to finish my education, an education that would help me secure employment in order to pay back this loan. If I had any knowledge of what the future was to bring, I may have seeked employment instead of returning to college for my second year. In fact, if I would have known that my benefits were to be greatly reduced while in college, I would have taken courses in high school which would have made me employable upon graduation.

I realize that times are hard and that belts must be tightened, but taking the hopes of a college education away from students, who to no fault of their own, cannot afford to put themselves through college and whose primary source of funding for higher education was S.S. seems to me to be a malicious act. The program could have been altered in such a way that did not penalize the "truly needy" student. Family income limitations could have been invoked to halt the government from paying to educate the rich and affluent. Consequently, the President has made it so that out of all the students receiving S.S. benefits, only "the children of rich and affluent families" can continue their educations. I'm not asking for sympathy, only a fair chance!

Sincerely,

MARY GAUDIOSO.

THE SECRETARY OF HEALTH AND HUMAN SERVICES,
Washington, D.C., March 11, 1982.

Hon. CARL D. PERKINS,
Chairman, Committee on Education and Labor,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for your inquiry concerning the Social Security Administration's (SSA) efforts to inform Social Security student beneficiaries about how changes in the law affect their benefits. I share your concern and want to assure you that beneficiaries who will be affected by the recent changes are being notified.

Many high school seniors are receiving what is termed child's benefits. As such, they are entitled to these benefits until they reach age 18 regardless of whether they are attending school. It is SSA's policy to notify these beneficiaries about five months before their 18th birthday that unless they fulfill certain requirements regarding post secondary education, their benefits will be terminated. If they meet the

requirements, their benefits will be converted to student benefits. Information about the changes in the law has been included with this notification since October 1981.

SSA also sends notices to those 18 years olds who are being converted from the child's benefit to the student benefit rolls. Through an unfortunate oversight, incorrect information about the student benefit program was sent out with some of these notices. To correct this situation, we are including an explanation of the statutory changes along with the End of School Year Report, which we will send to all students on the rolls as of February 1, 1982. We will complete our mailng to an estimated 800,000 student beneficiaries by mid-March.

In addition to the above notices, since September 1981, SSA has conducted a nationwide campaign to alert the public to the legislative changes. SSA has distributed through the Regional Offices four million leaflets detailing the changes in benefits mandated by the law, provided news columns and radio announcements to the media, and included several articles about student's benefits in a monthly newsletter which is mailed to several thousand large groups and organizations, including many in the field of education.

Although SSA considered sending check stuffers to potentially affected beneficiaries, several practical considerations weighed against sending stuffers. The Department of the Treasury stuffs and mails all Social Security checks. Since 1978, they have limited stuffers sent with Social Security checks to a single card, the size of a check, which permits only very brief messages. These stuffers cannot be targeted to a specific group of beneficiaries but must be sent to all 36 million beneficiaries, including the 12 million who have their checks sent directly to financial institutions. The cost of a stuffer and mailer for this group would have been about $1 million.

I am happy to enclose for your information samples of the SSA pamphlets describing the benefit changes resulting from the reconciliation process.

Sincerely,

RICHARD S. SCHWEIKER,
Secretary.

THE NATIONAL ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS,
Reston, Va., February 4, 1982.

Hon. PAUL SIMON,
House Education and Labor Committee,
Rayburn House Office Building,
Washington, D.C.

DEAR MR. SIMON: The National Association of Secondary School Principals (NASSP) is deeply concerned about recent revisions in the Social Security Act coming from the Omnibus Reconciliation Act of 1981 (Pub. L. 97-35). We believe these revisions warrant your immediate attention and correction. Specifically, as Congress acted to phase out Social Security benefits for postsecondary education, it established an abrupt eligibility deadline (May 1, 1982) which is proving to be disruptive to the nation's high schools.

The School year for high school students normally is not completed until June. The May 1st deadline therefore disrupts the educational program for many seniors in the class of 1982 for the following reasons:

(1) To qualify for Social Security educational benefits, high school students are dropping out of high school now and enrolling in a community junior or senior college to beat the May 1 deadline. Therefore, they must either forgo a regular diploma, or work out some other accommodation with their school.

(2) The May 1st deadline places high school principals and advisers in the dubious position of either advising students to finish high school and sacrifice the possibility of thousands of dollars of financial assistance for college, or to drop out of school and interrupt their education prior to normal graduation. Most principals could not advise students to forgo the financial aid. The results is to further devalue the very high school diploma which educators have been trying to strengthen in recent years.

(3) Whatever the merits of revising Social Security benefits for postsecondary education, making such changes in a way that completely alters the financial plans and expectations of high school students in the middle of their senior year, and without adequate notice, is unfair and inequitable.

The high school principals of this nation urgently request Congress to rectify this flaw in the Social Security Act by extending the eligibility deadline so that it will not interfere with the educational carrers of the current senior class. This goal would be best accomplished by postponement of the eligibility deadline to Septem-

ber 30 to ensure that students finishing their senior year of high school in June will have adequate time to enroll in the college or university of their choice.

The NASSP urges a most serious consideration of this request to extend that May 1 deadline. Thank you for your interest in this matter.

Sincerely,

SCOTT D. THOMSON,
Executive Director.